

104TH CONGRESS
1ST SESSION

H. R. 2332

To consolidate and reform workforce development and literacy programs,
and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 14, 1995

Mr. McKEON introduced the following bill; which was referred to the
Committee on Economic and Educational Opportunities

A BILL

To consolidate and reform workforce development and
literacy programs, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the—

5 (1) “Consolidated and Reformed Education,

6 Employment, and Rehabilitation Systems Act”; or

7 (2) “CAREERS Act”.

8 **SEC. 2. TABLE OF CONTENTS.**

9 The table of contents for this Act is as follows:

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Sec. 2. Table of contents.

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- Sec. 4. Authorization of appropriations.
- Sec. 5. Definitions.
- Sec. 6. Transition.

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- Sec. 311. Authorization.
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- Sec. 322. Disaster relief employment assistance.
- Sec. 323. Research, demonstration, evaluation, and capacity building.
- Sec. 324. Workforce skills and development loans.
- Sec. 325. Employment, training, and education assistance for Native Americans.
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TITLE IV—ADULT EDUCATION AND FAMILY LITERACY CONSOLIDATION GRANT AND LIBRARY SERVICES AND TECHNOLOGY CONSOLIDATION GRANT

- Sec. 401. Findings.
- Sec. 402. Definitions.

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- Sec. 601. Reorganization of the Student Loan Marketing Association through the formation of a holding company.
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- Sec. 701. Higher education provisions.
- Sec. 702. Amendment to Higher Education Act.
- Sec. 703. Carl D. Perkins Vocational and Applied Technology Education Act.
- Sec. 704. Smith-Hughes Act.
- Sec. 705. School-to-Work Opportunities Act of 1994.
- Sec. 706. School Dropout Assistance Act.
- Sec. 707. Adult Education Act.
- Sec. 708. National Literacy Act.
- Sec. 709. Library Services and Construction Act.
- Sec. 710. Technology for Education Act of 1994.
- Sec. 711. Job Training Partnership Act.
- Sec. 712. Stewart B. McKinney Homeless Assistance Act.
- Sec. 713. Effective date.

1 **SEC. 3. PURPOSE.**

2 The purpose of this Act is to transform the vast array
3 of Federal workforce development and literacy programs
4 from a collection of fragmented and duplicative categorical
5 programs into a streamlined, comprehensive, coherent,
6 high-quality, cost-effective, market-based, and accountable
7 workforce development and literacy system that is de-
8 signed to meet the education, economic, employment, and
9 training needs of the workforce and the competitiveness
10 needs of employers of the United States, both today and
11 in the future.

12 **SEC. 4. AUTHORIZATION OF APPROPRIATIONS.**

13 (a) IN GENERAL.—There are authorized to be appro-
14 priated—

15 (1) for title II, \$2,324,600,000 for fiscal year
16 1997 and such sums as may be necessary for each
17 of the fiscal years 1998 through 2002 to carry out
18 the programs under such title;

19 (2) for title III, \$2,183,000,000 for fiscal year
20 1997 and such sums as may be necessary for each
21 of the fiscal years 1998 through 2002 to carry out
22 the programs under such title; and

23 (3) for subtitle A of title IV, \$280,000,000 for
24 fiscal year 1997 and such sums as may be necessary
25 for each of the fiscal years 1998 through 2002 to
26 carry out the programs under such subtitle.

1 (b) PROGRAM YEAR.—

2 (1) IN GENERAL.—Beginning in fiscal year
3 1997, and each year thereafter, appropriations for
4 any fiscal year for programs and activities under ti-
5 tles II, III, and IV of this Act shall be available for
6 obligation only on the basis of a program year. The
7 program year shall begin on July 1 in the fiscal year
8 for which the appropriation is made.

9 (2) OBLIGATION.—Funds obligated for any pro-
10 gram year under titles II, III, and IV, may be ex-
11 pended by each recipient during that program year
12 and the two succeeding program years, except that
13 the Secretary shall, in accordance with paragraph
14 (3), reallocate to eligible States the funds allotted to
15 States from funds appropriated for reallocations.

16 (3) AMOUNTS AVAILABLE FOR REALLOT-
17 MENT.—The amount available for reallocation is
18 equal to—

19 (A) the amount by which the unobligated
20 balance of the State allotment at the end of the
21 program year prior to the program year for
22 which the determination under this section is
23 made exceeds 20 percent of such allotment for
24 the prior program year; plus

1 (B) the unexpended balance of the State
2 allotment from any program year prior to the
3 program year in which there is such excess.

4 **SEC. 5. DEFINITIONS.**

5 For purposes of this Act, except as otherwise pro-
6 vided:

7 (1) ADULT.—The term “adult” means an indi-
8 vidual who is 16 years of age, or beyond the age of
9 compulsory school attendance under State law
10 (whichever age is higher), and who is not enrolled or
11 required to be enrolled in secondary school.

12 (2) ADULT EDUCATION.—The term “adult edu-
13 cation” means services or instruction below the post-
14 secondary level for adults—

15 (A) who are not enrolled in secondary
16 school;

17 (B) who lack sufficient mastery of basic
18 educational skills to enable them to function ef-
19 fectively in society or who do not have a certifi-
20 cate of graduation from a school providing sec-
21 ondary education and who have not achieved an
22 equivalent level of education;

23 (C) who are not currently required to be
24 enrolled in school; and

1 (D) whose lack of mastery of basic skills
2 results in an inability to speak, read, or write
3 the English language which constitutes a sub-
4 stantial impairment of their ability to get or re-
5 tain employment commensurate with their real
6 ability, and thus are in need of programs to
7 help eliminate such inability and raise the level
8 of education of such individuals with a view to
9 making them less likely to become dependent on
10 others.

11 (3) AREA VOCATIONAL EDUCATION SCHOOL.—
12 The term “area vocational education school”
13 means—

14 (A) a specialized high school used exclu-
15 sively or principally for the provision of voca-
16 tional education to individuals who are available
17 for study in preparation for entering the labor
18 market;

19 (B) the department of a high school exclu-
20 sively or principally used for providing voca-
21 tional education in not less than 5 different oc-
22 cupational fields to individuals who are avail-
23 able for study in preparation for entering the
24 labor market;

1 (C) a technical institute or vocational
2 school used exclusively or principally for the
3 provision of vocational education to individuals
4 who have completed or left high school and who
5 are available for study in preparation for enter-
6 ing the labor market; or

7 (D) the department or division of a junior
8 college, community college or university operat-
9 ing under the policies of the State board and
10 which provides vocational education in not less
11 than 5 different occupational fields leading to
12 immediate employment but not necessarily lead-
13 ing to a baccalaureate degree, if, in the case of
14 a school, department, or division described in
15 subparagraph (C) or this subparagraph, it ad-
16 mits as regular students both individuals who
17 have completed high school and individuals who
18 have left high school.

19 (4) AT-RISK YOUTH.—The term “at-risk youth”
20 means—

21 (A) an out-of-school, at-risk youth who is
22 an individual age 24 or younger and who is not
23 enrolled in a secondary or postsecondary edu-
24 cation program, has not received a high school
25 diploma or its equivalent and must overcome

1 barriers to employment such as lack of suffi-
2 cient education or vocational skills, economic
3 disadvantages, disability, or limited English
4 proficiency; or

5 (B) an in-school, at-risk youth who is an
6 individual age 24 or younger who is enrolled in
7 an accredited secondary or postsecondary edu-
8 cation program but is at risk of dropping out
9 of school or must overcome barriers to complete
10 an education program, such as economic dis-
11 advantages, disability, or limited English pro-
12 ficiency.

13 (5) COMPREHENSIVE CAREER GUIDANCE AND
14 COUNSELING.—The term “comprehensive career
15 guidance and counseling” means a program—

16 (A) which pertains to the body of subject
17 matter and related techniques and methods or-
18 ganized for the development in individuals of
19 career awareness, career planning, career deci-
20 sionmaking, placement skills, and knowledge
21 and understanding of local, State, and national
22 occupational, educational, and labor market
23 needs, trends, and opportunities;

1 (B) which assists such individuals in mak-
2 ing and implementing informed educational and
3 occupational choices; and

4 (C) which is comprehensive in nature.

5 (6) CAREER GRANT.—The term “career grant”
6 means a voucher or a credit issued to a participant
7 under title III of this Act, or title I of the Rehabili-
8 tation Act of 1973, for the purchase of education or
9 training services from certified providers of such
10 services, in accordance with the provisions of this
11 Act, and with guidelines issued by the State.

12 (7) CASE MANAGEMENT.—The term “case man-
13 agement” means the provision of a client-centered
14 approach in the delivery of services designed to—

15 (A) empower individuals to make informed
16 career choices;

17 (B) prepare and coordinate comprehensive
18 employment plans, based upon such individual
19 choices, such as service strategies for partici-
20 pants, to ensure access to necessary training
21 and supportive services, using, where feasible,
22 computer-based technologies; and

23 (C) provide job and career counseling dur-
24 ing program participation and after job place-
25 ment.

1 (8) CHIEF ELECTED OFFICIAL.—The term
2 “chief elected official” means the chief elected execu-
3 tive officer of a unit of general local government in
4 a workforce development area.

5 (9) COMMUNITY-BASED ORGANIZATION.—The
6 term “community-based organization” means a pri-
7 vate nonprofit organization that is representative of
8 a community or significant segments of a community
9 that provides or facilitates education, vocational re-
10 habilitation, job training, supportive services, or in-
11 ternship services and programs.

12 (10) DEMOGRAPHIC CHARACTERISTICS.—The
13 term “demographic characteristics” means informa-
14 tion on population, especially with reference to size,
15 density, distribution, and vital statistics including,
16 age, race, sex, ethnic origin, and income status.

17 (11) DISLOCATED WORKER.—The term “dis-
18 located worker” means an individual who—

19 (A) has been terminated or laid off or who
20 has received a notice of termination or layoff
21 from employment, is eligible for or has ex-
22 hausted entitlement to unemployment com-
23 pensation, and is unlikely to return to a pre-
24 vious industry or occupation;

1 (B) has been terminated, or has received a
2 notice of termination of employment, as a result
3 of any permanent closure of, or any substantial
4 layoff at, a plant, facility, or enterprise;

5 (C) has been unemployed long-term and
6 has limited opportunities for employment or re-
7 employment in the same or a similar occupation
8 in the area in which such individual resides, in-
9 cluding an older individual who may have sub-
10 stantial barriers to employment by reason of
11 age; or

12 (D) was self-employed (including farmers
13 and ranchers) but is unemployed as a result of
14 general economic conditions in the community
15 in which they reside or because of natural dis-
16 asters.

17 (12) DISPLACED HOMEMAKER.—The term “dis-
18 placed homemaker” means an individual who—

19 (A) is an adult; and

20 (B)(i) has worked as an adult primarily
21 without remuneration to care for the home and
22 family, and for that reason has diminished mar-
23 ketable skills;

1 (ii) has been dependent on public assist-
2 ance or on the income of a relative but is no
3 longer supported by such income; or

4 (iii) is a parent whose youngest dependent
5 child will become ineligible to receive assistance
6 under the program for aid to families with de-
7 pendent children under part A of title IV of the
8 Social Security Act within 2 years of the par-
9 ent's application for assistance under title II of
10 this Act.

11 (13) EARNINGS.—The term “earnings” means
12 gross hourly wages before any deduction, plus the
13 estimated hourly value of bonuses, tips, gratuities,
14 commissions, and overtime pay either expected or re-
15 ceived. In the case of individuals in subsidized em-
16 ployment, total hourly earnings include any wage
17 subsidy paid to the individual.

18 (14) ECONOMIC DEVELOPMENT AGENCIES.—
19 The term “economic development agencies” means
20 State and local planning and zoning commissions or
21 boards, community development agencies, and other
22 State and local agencies and institutions responsible
23 for regulating, promoting, or assisting in State and
24 local economic development.

1 (15) ECONOMICALLY DISADVANTAGED.—The
2 term “economically disadvantaged” means an indi-
3 vidual who—

4 (A) receives, or is a member of a family
5 which receives, cash welfare payments under a
6 Federal, State, or local welfare program;

7 (B) has, or is a member of a family which
8 has, received a total family income for the 6-
9 month period prior to application for the pro-
10 gram involved (exclusive of unemployment com-
11 pensation, child support payments, and welfare
12 payments) which, in relation to family size, was
13 not in excess of the higher of—

14 (i) the official poverty line (as defined
15 by the Office of Management and Budget,
16 and revised annually in accordance with
17 section 673(2) of the Omnibus Budget
18 Reconciliation Act of 1981 (42 U.S.C.
19 9902(2)), or

20 (ii) 70 percent of the lower living
21 standard income level;

22 (C) is receiving (or has been determined
23 within the 6-month period prior to the applica-
24 tion for the program involved to be eligible to

1 receive) food stamps pursuant to the Food
2 Stamp Act of 1977;

3 (D) qualifies as a homeless individual
4 under subsections (a) and (c) of section 103 of
5 the Stewart B. McKinney Homeless Assistance
6 Act;

7 (E) is a foster child on behalf of whom
8 State or local government payments are made;

9 (F) in cases permitted by regulations of
10 the Secretary, is an individual with a disability
11 whose own income meets the requirements of
12 subparagraph (A) or (B), but who is a member
13 of a family whose income does not meet such
14 requirements; or

15 (G) is an individual meeting appropriate
16 criteria approved by a State.

17 (16) EDUCATIONAL SERVICE AGENCY.—The
18 term “educational service agency” means a regional
19 public multiservice agency authorized by State stat-
20 ute to develop, manage, and provide services or pro-
21 grams to local educational agencies, and is recog-
22 nized as an administrative agency for such State’s
23 vocational or technical education schools or for voca-
24 tional programs within its public elementary or sec-
25 ondary schools. Such term includes any other public

1 institution or agency having administrative control
2 and direction over a public elementary or secondary
3 school.

4 (17) EMPLOYED.—The term “employed” means
5 an individual who is currently—

6 (A) a paid employee;

7 (B) works in his or her own business, pro-
8 fession, or farm;

9 (C) works 15 hours or more per week as
10 an unpaid worker in an enterprise operated by
11 a family member or is one who is not working,
12 but has a job or business from which he or she
13 is temporarily absent due to illness, bad weath-
14 er, vacation, labor-management dispute, or per-
15 sonal reasons; or

16 (D) on active military duty.

17 (18) ENGLISH LITERACY PROGRAM.—The term
18 “English literacy program” means a program of in-
19 struction designed to help limited English proficient
20 adults, out-of-school youths, or both, achieve full
21 competence in the English language.

22 (19) EXCESS NUMBER.—The term “excess
23 number” means, with respect to the excess number
24 of unemployed individuals within a State, the num-
25 ber that represents the number of unemployed indi-

1 viduals in excess of 4.5 percent of the civilian labor
2 force in the State, or the number that represents the
3 number of unemployed individuals in excess of 4.5
4 percent of the civilian labor force in areas of sub-
5 stantial unemployment in such State.

6 (20) FAMILY AND CONSUMER SCIENCES.—The
7 term “family and consumer sciences” means instruc-
8 tional programs, services, and activities which pre-
9 pare students for personal, family, community, and
10 career roles.

11 (21) GOVERNOR.—The term “Governor” means
12 the chief executive of a State.

13 (22) INDIVIDUAL OF LIMITED ENGLISH PRO-
14 FICIENCY.—The term “individual of limited English
15 proficiency” means an adult or out-of-school youth
16 who has limited ability in speaking, reading, writing,
17 or understanding the English language and—

18 (A) whose native language is a language
19 other than English; or

20 (B) who lives in a family or community en-
21 vironment where a language other than English
22 is the dominant language.

23 (23) INDIVIDUALS WITH DISABILITIES.—The
24 term “individuals with disabilities” has the meaning
25 given such term in the Rehabilitation Act of 1973.

1 (24) INSTITUTION OF HIGHER EDUCATION.—

2 The term “institution of higher education” has the
3 meaning given such term in section 481 of the High-
4 er Education Act of 1965.

5 (25) JOB SEARCH ASSISTANCE.—The term “job

6 search assistance” means a service that helps a job-
7 ready individual seek, locate, apply for, and obtain
8 employment. Such services may include, job-finding
9 skills, orientation to the labor market, resume prepa-
10 ration assistance, job finding clubs, job search work-
11 shops, vocational exploration, and other employ-
12 ability services.

13 (26) LABOR MARKET AREA.—The term “labor

14 market area” means an economically integrated geo-
15 graphic area within which individuals can reside and
16 find employment within a reasonable distance or can
17 readily change employment without changing their
18 place of residence. Such areas shall be identified in
19 accordance with criteria used by the Bureau of
20 Labor Statistics of the Department of Labor in de-
21 fining such areas or similar criteria established by a
22 Governor.

23 (27) LIBRARY.—The term “library” includes—

24 (A) a public library;

1 (B) a public elementary or secondary
2 school library;

3 (C) an academic library;

4 (D) a research library; and

5 (E) a private library, but only if the State
6 in which such private library is located deter-
7 mines that the library should be considered a li-
8 brary for purposes of this Act.

9 (28) LITERACY.—The term “literacy” means an
10 individual’s ability to read, write, and speak in Eng-
11 lish, and compute and solve problems, at levels of
12 proficiency necessary—

13 (A) to function on the job, in the individ-
14 ual’s family and in society;

15 (B) to achieve the individual’s goals; and

16 (C) to develop the individual’s knowledge
17 potential.

18 (29) LOCAL EDUCATIONAL AGENCY.—The term
19 “local educational agency” has the same meaning
20 given such term in section 14101 of the Elementary
21 and Secondary Education Act of 1965.

22 (30) MIGRANT FARMWORKER.—The term “mi-
23 grant farmworker” means a seasonal farmworker
24 whose farm work requires travel such that the work-

1 er is unable to return to a permanent place of resi-
2 dence within the same day.

3 (31) NATIVE AMERICAN.—The term “native
4 American” means Indians, Alaskan natives, and Ha-
5 waiian natives.

6 (32) NONTRADITIONAL EMPLOYMENT.—The
7 term “nontraditional employment” as applied to
8 women refers to occupations or fields of work where
9 women comprise less than 25 percent of the individ-
10 uals employed in such occupation or field of work.

11 (33) ON-THE-JOB TRAINING.—The term “on-
12 the-job training” means training in the public or pri-
13 vate sector that is provided to a paid employee while
14 engaged in productive work that—

15 (A) provides knowledge or skills essential
16 to the full and adequate performance of the job;

17 (B) provides reimbursement to employers,
18 up to 50 percent of the participant’s wage rate,
19 for the extraordinary costs of providing training
20 and additional supervision; and

21 (C) is based on the Occupational Employ-
22 ment Statistics Program Dictionary.

23 (34) POSTSECONDARY EDUCATIONAL INSTITU-
24 TION.—The term “postsecondary educational institu-
25 tion” means an institution of higher education (as

1 such term is defined in section 481 of the Higher
2 Education Act of 1965) which continues to meet the
3 eligibility and certification requirements under title
4 IV of such Act (20 U.S.C. 1070 et seq.).

5 (35) PREEMPLOYMENT SKILLS TRAINING; JOB
6 READINESS SKILLS TRAINING.—The terms
7 “preemployment skills training” and “job readiness
8 skills training” mean training that builds on family
9 efforts to help prepare individuals for work by assur-
10 ing that they are familiar with general workplace ex-
11 pectations and exhibit work behavior and attitudes
12 necessary to compete successfully in the job market.

13 (36) PUBLIC ASSISTANCE.—The term “public
14 assistance” means Federal, State, or local govern-
15 ment cash payments for which eligibility is deter-
16 mined by a needs or income test.

17 (37) RAPID RESPONSE.—The term “rapid re-
18 sponse” means assistance that is directly provided
19 by the State, or by local grantees with funds pro-
20 vided by the State, in the case of mass layoffs or
21 plant closures, and that establishes on-site contact
22 with employer and employee representatives within a
23 short period of time (preferably 48 hours or less)
24 after becoming aware of a current or projected per-
25 manent closure or substantial layoff in order to—

1 (A) provide information on, and facilitate
2 access to, available public programs and serv-
3 ices for workers losing jobs as a result of such
4 layoff or closure;

5 (B) provide emergency assistance adapted
6 to the particular closure or layoff;

7 (C) promote the formation of labor-man-
8 agement committees, where appropriate;

9 (D) collect information related to economic
10 dislocation and available resources within the
11 State for dislocated workers;

12 (E) provide or obtain appropriate financial
13 and technical advice and liaison with economic
14 development agencies and other organizations
15 to assist in efforts to avert worker dislocation;
16 and

17 (F) assist the local community in develop-
18 ing its own coordinated response and in obtain-
19 ing access to State economic development as-
20 sistance.

21 (38) REGISTERED APPRENTICESHIP.—The term
22 “registered apprenticeship” means a program reg-
23 istered by the Bureau of Apprenticeship and Train-
24 ing in the United States Department of Labor, or a
25 State Apprenticeship Agency recognized and ap-

1 proved by the Bureau of Apprenticeship and Train-
2 ing as the appropriate body for State registration or
3 approval of local apprenticeship programs and agree-
4 ments.

5 (39) SCHOOL DROPOUT.—The term “school
6 dropout” means a youth who is no longer attending
7 any school and who has not received a secondary
8 school diploma or a certificate from a program of
9 equivalency for such a diploma.

10 (40) SEASONAL FARMWORKER.—The term
11 “seasonal farmworker” means a person who during
12 the eligibility determination period (12 consecutive
13 months out of 24 months prior to application) has
14 been primarily employed in farm work that is char-
15 acterized by chronic unemployment or under employ-
16 ment.

17 (41) SKILL CERTIFICATE.—The term “skill cer-
18 tificate” means a portable, industry-recognized cre-
19 dential achieved through programs authorized under
20 this Act, that certifies that an individual has mas-
21 tered occupational skills at levels that are at least as
22 challenging as skill standards endorsed by the Na-
23 tional Skill Standards Board, except that until such
24 skill standards are developed, the term “skill certifi-
25 cate” means a credential issued under a process en-

1 dorsed by the State, based upon established industry
2 standards and benchmarks.

3 (42) STATE.—The term “State” means any of
4 the several States, the District of Columbia, the
5 Commonwealth of Puerto Rico, the Virgin Islands,
6 American Samoa, Guam, and the Commonwealth of
7 the Northern Mariana Islands.

8 (43) STATE EDUCATIONAL AGENCY.—The term
9 “State educational agency” has the meaning given
10 such term in section 14101 of the Elementary and
11 Secondary Education Act of 1965.

12 (44) STATE LIBRARY ADMINISTRATIVE AGEN-
13 CY.—The term “State library administrative agen-
14 cy” means the official agency of a State charged by
15 the law of the State with the extension and develop-
16 ment of public library services throughout the State.

17 (45) SUPPORTIVE SERVICES.—The term “sup-
18 portive services” means services which are necessary
19 to enable an individual eligible for training under
20 this Act, but who cannot afford to pay for such serv-
21 ices, to participate in a training or vocational reha-
22 bilitation program or job search activities funded
23 under this Act. Such supportive services may include
24 transportation, individual and family counseling,
25 child care and dependent care, meals, temporary

1 shelter, financial counseling, needs-based payments,
2 and other reasonable expenses required for partici-
3 pation in a training, job preparation, or job place-
4 ment program. Such services may be provided in-
5 kind or through cash assistance, except that such
6 services will be provided with funds provided under
7 this Act only after alternative funding sources spe-
8 cifically designated for such services have been ex-
9 hausted.

10 (46) UNEMPLOYED.—The term “unemployed”
11 refers to an individual who is not employed, who is
12 available for work, and who has made specific efforts
13 to find a job within the prior 4 weeks. Included as
14 unemployed are individuals who are not working, are
15 available for work, and are waiting to be called back
16 to a job from which they have been laid off.

17 (47) UNIT OF GENERAL LOCAL GOVERN-
18 MENT.—The term “unit of general local govern-
19 ment” means any general purpose political subdivi-
20 sion of a State which has the power to levy taxes
21 and spend funds, as well as general corporate and
22 police powers.

23 (48) VETERAN.—The term “veteran” has the
24 meaning given such term in section 101(2) of title
25 38, United States Code.

1 (49) WORK EXPERIENCE.—The term “work ex-
2 perience” means a time-limited work activity that
3 provides an individual with the opportunity to ac-
4 quire the general skills and knowledge necessary to
5 obtain employment.

6 (50) WORKPLACE MENTOR.—The term “work-
7 place mentor” means an employee or other individ-
8 ual, approved by the employer at a workplace, who
9 possesses the skills and knowledge to be mastered by
10 a student or program participant, and who instructs,
11 critiques the performance, and challenges the stu-
12 dent or program participant to perform well, and
13 works in consultation with classroom teachers, train-
14 ing providers, parents, and the employer of the stu-
15 dent or program participant.

16 (51) YOUTH.—The term “youth” means an in-
17 dividual under the age of 24.

18 **SEC. 6. TRANSITION.**

19 The Secretary of Education and the Secretary of
20 Labor shall take such steps as they determine to be appro-
21 priate to provide for the orderly transition from any au-
22 thority under provisions of statutes amended or repealed
23 by this Act or any related authority under provisions of
24 this Act.

1 **TITLE I—WORKFORCE DEVELOP-**
2 **MENT INFRASTRUCTURE**

3 **SEC. 101. PURPOSE OF TITLE.**

4 The purpose of this title is to provide for the estab-
5 lishment of an infrastructure within States on which to
6 build a comprehensive system of workforce development
7 and literacy.

8 **Subtitle A—State and Local**
9 **Responsibilities**

10 **SEC. 102. STATE REQUIREMENTS.**

11 (a) IN GENERAL.—For fiscal year 1997 and subse-
12 quent fiscal years, a State that desires to receive a grant
13 under one or more of the programs specified in subsection
14 (b) shall—

15 (1) establish a collaborative process, pursuant
16 to section 103;

17 (2) develop a State workforce development and
18 literacy plan, pursuant to section 104; and

19 (3) otherwise comply with the requirements of
20 this Act.

21 (b) WORKFORCE DEVELOPMENT AND LITERACY
22 PROGRAMS.—

23 (1) IN GENERAL.—The programs referred to in
24 subsection (a) are the following:

1 (A) The program under title II, the Youth
2 Development and Career Preparation Consoli-
3 dation Grant.

4 (B) The program under title III, the Adult
5 Employment and Training Consolidation Grant.

6 (C) The program under subtitle A of title
7 IV, the Adult Education and Family Literacy
8 Consolidation Grant.

9 (D) The program amended by subtitle A of
10 title V (relating to title I of the Rehabilitation
11 Act of 1973).

12 (2) DEFINITION.—For purposes of this Act, the
13 term “Workforce Development and Literacy pro-
14 grams” means the programs specified in paragraph
15 (1).

16 **SEC. 103. COLLABORATIVE PROCESS REGARDING STATE**
17 **SYSTEM.**

18 (a) IN GENERAL.—The Governor of a State that de-
19 sires to receive a grant under one or more of the programs
20 specified in section 102(b) shall certify to the Secretary
21 of Education and the Secretary of Labor that a collabo-
22 rative process, as described in subsection (b) or (c), has
23 been used in complying with the applicable provisions of
24 this Act.

1 (b) COLLABORATIVE PROCESS.—The collaborative
2 process referred to in subsection (a) is a process for mak-
3 ing decisions which includes as participants, at a mini-
4 mum, the Governor and—

5 (1) representatives of (which representatives are
6 appointed by the Governor)—

7 (A) business and industry;

8 (B) local chief elected officials (represent-
9 ing both cities and counties);

10 (C) local educational agencies (including
11 vocational educators);

12 (D) postsecondary institutions (including
13 community and technical colleges);

14 (E) the State rehabilitation advisory coun-
15 cil;

16 (F) organizations representing individuals
17 served by programs established under this Act
18 (including community-based organizations);

19 (G) employees;

20 (H) parents or organizations representing
21 parents; and

22 (I) providers of workforce development
23 services (including private-for-profit sector pro-
24 viders); and

1 (2) the lead State agency official or officials
2 for—

3 (A) the State educational agency or agen-
4 cies (including the lead official or officials for
5 vocational education, adult education and lit-
6 eracy, and libraries);

7 (B) the State agency responsible for eco-
8 nomic development;

9 (C) the State agency or agencies respon-
10 sible for employment security and for job train-
11 ing;

12 (D) the State agency responsible for post-
13 secondary education;

14 (E) the State agency responsible for voca-
15 tional rehabilitation, and where applicable, the
16 State agency providing vocational rehabilitation
17 services for the blind;

18 (F) the State agency responsible for ad-
19 ministering welfare benefits; and

20 (G) the representative of the Veterans'
21 Service assigned to the State under section
22 4103 of title 38, United States Code.

23 (c) RULE OF CONSTRUCTION.—With respect to com-
24 pliance with subsection (b)—

1 (1) a State may use any existing State process
2 (including any council or similar entity) that sub-
3 stantially meets the purposes of such subsection; or

4 (2) if prior to the date of enactment of this Act,
5 a State has developed a one-stop career center sys-
6 tem or a school-to-work system through a collabo-
7 rative process substantially similar to the process de-
8 scribed in subsection (b), the State may use such
9 process.

10 (d) AUTHORITY OF GOVERNOR.—

11 (1) FINAL AUTHORITY.—If, after a reasonable
12 effort, a Governor is unable to obtain agreement
13 through the collaborative process described in sub-
14 section (b) or (c), the Governor shall have final au-
15 thority to make decisions and to submit the State
16 plan as described under section 104.

17 (2) EXCEPTION.—Nothing in this Act shall be
18 construed to negate or supersede the legal authority,
19 under State law of any State agency, State entity,
20 or State public official over programs that are under
21 the jurisdiction of the agency, entity, or official.
22 Nothing in this Act shall be construed to interfere
23 with the authority of such agency, entity, or official
24 to enter into a contract under any provision of law.

1 **SEC. 104. CONSOLIDATED STATE WORKFORCE DEVELOP-**
2 **MENT AND LITERACY PLAN.**

3 (a) IN GENERAL.—The Governor of a State that de-
4 sires to receive a grant under one or more of the programs
5 specified in section 102(b) shall submit a strategic State
6 workforce development and literacy plan that provides pol-
7 icy guidance with respect to workforce development pro-
8 grams operated in the State, and that meets the require-
9 ments of this section to the Secretary of Education and
10 the Secretary of Labor.

11 (b) CONTENTS.—A State workforce development and
12 literacy plan shall include the following:

13 (1) A description of the collaborative process
14 under section 103 used in developing the plan.

15 (2) A statement of the goals of the State
16 workforce development and literacy system, that in-
17 cludes—

18 (A) a description of how the State will
19 progress toward achieving the goals and pur-
20 pose of this Act as established in sections
21 3(a)(5) and 3(b);

22 (B) an assessment of the needs of the
23 State with regard to current and projected de-
24 mands for workers by occupation, the skills and
25 education levels of the workforce, the vocational
26 rehabilitation needs of individuals with severe

1 disabilities residing in the State, the skill and
2 economic development needs of the State, and
3 an assessment of the type and availability of
4 youth development and career preparation,
5 workforce development, adult education, voca-
6 tional rehabilitation, and literacy programs and
7 services in the State; and

8 (C) the identification of progress indica-
9 tors, based on the core indicators of perform-
10 ance described in section 110(f), built upon a
11 model of continuous improvement, that the
12 State will use to measure progress made by the
13 State, local workforce development boards, and
14 other applicable local entities who are recipients
15 of financial assistance under this Act in meet-
16 ing such goals;

17 (3) A description of how the State has com-
18 plied, or will comply, with the provisions of sections
19 105 through 108.

20 (4) A description of how a State will participate
21 in the national labor market information system
22 under title II of the Wagner-Peyser Act, as added by
23 section 132 of this Act.

24 (5) Any information required to be included in
25 the plan under any of titles II through IV, and title

1 I of the Rehabilitation Act of 1973 (in the case of
2 a State that desires to receive a grant under any
3 such title).

4 (6) A description of the measures that will be
5 taken by the State to ensure coordination and con-
6 sistency and avoid duplication among programs re-
7 ceiving assistance under this Act, including a de-
8 scription of common data collection and reporting
9 processes.

10 (7) A description of the process used by the
11 State to provide an opportunity for public comment,
12 and input into the development of the plan, prior to
13 submission of the plan.

14 (8) A description of the process used by the
15 State to consult with representatives of business and
16 industry with respect to the requirements of sub-
17 paragraphs (A), (B), and (C) of paragraph (2) of
18 this subsection.

19 (9) Assurances that the State will provide for
20 fiscal control and fund accounting procedures that
21 may be necessary to ensure the proper disbursement
22 of, and accounting for, funds paid to the State
23 under this Act.

24 (10) A description of the sanctions which the
25 State may impose (including restrictions from future

1 participation or consideration for funding) in in-
2 stances where recipients of funds under this Act fail
3 to achieve agreed upon expected performance levels,
4 fail to adhere to State mandated fiscal control and
5 funds accounting procedures, or take or fail to take
6 other actions required under the State plan, con-
7 tracts, or other agreements.

8 (c) DISAGREEMENT.—The Governor shall accept and
9 include with the plan submitted under subsection (a) any
10 disagreeing views submitted by a participant of the col-
11 laborative process if such views represent disagreement in
12 the area in which such participant was selected for rep-
13 resentation.

14 (d) MODIFICATIONS TO PLAN.—A plan submitted by
15 a State in accordance with this section remains in effect
16 until the State submits to the Secretary such modifica-
17 tions as the State determines necessary. This section ap-
18 plies to the modifications to the same extent and in the
19 same manner as this section applies to the original plan.

20 **SEC. 105. ESTABLISHMENT OF WORKFORCE DEVELOPMENT**
21 **AREAS.**

22 The Governor of a State that desires to receive a
23 grant under one or more of the programs specified in sec-
24 tion 102(b) shall, through the collaborative process estab-
25 lished under section 103 and after consultation with local

1 chief elected officials, and after consideration of comments
2 received through the public participation process as de-
3 scribed in the State plan, designate local workforce devel-
4 opment areas within the State taking into consideration
5 the following:

6 (1) Existing labor market areas.

7 (2) Units of general local government.

8 (3) Geographic areas served by local edu-
9 cational agencies and intermediate educational agen-
10 cies.

11 (4) Geographic areas served by postsecondary
12 institutions and area vocational education schools.

13 (5) Service delivery areas established under sec-
14 tion 101 of the Job Training Partnership Act (29
15 U.S.C. 1511) (as such Act was in effect on the day
16 before the date of the enactment of this Act).

17 (6) The distance that individuals will need to
18 travel to receive services from integrated career cen-
19 ters.

20 **SEC. 106. PROVISIONS REGARDING LOCAL WORKFORCE DE-**
21 **VELOPMENT BOARDS.**

22 (a) IN GENERAL.—The Governor of a State that de-
23 sires to receive a grant under one or more of the programs
24 specified in section 102(b) shall ensure the establishment

1 of a local workforce development board in each local
2 workforce development area within the State.

3 (b) STATE CRITERIA.—The Governor, through the
4 collaborative process described under section 103, is au-
5 thorized to establish criteria for use by local chief elected
6 officials in the workforce development area, in the selec-
7 tion of members of local workforce development boards,
8 in accordance with requirements prescribed under sub-
9 sections (c) and (d).

10 (c) REPRESENTATION REQUIREMENT.—Such criteria
11 shall require, at a minimum, that a local workforce devel-
12 opment board consist of—

13 (1) a majority of members who are representa-
14 tives of business and industry, including individuals
15 who are owners of businesses, chief executives or
16 chief operating officers of private business, and
17 other business executives with optimum policy-
18 making authority in local businesses, selected from
19 among nominees submitted by local business organi-
20 zations and trade associations;

21 (2) an individual or individuals with disabilities,
22 who have special knowledge or expertise in the area
23 of vocational rehabilitation;

24 (3) representatives of education and training,
25 including local educational agencies, postsecondary

1 education institutions, and providers of job training
2 and workforce development services, selected from
3 among individuals nominated by regional or local
4 educational agencies, vocational education institu-
5 tions, institutions of postsecondary education (in-
6 cluding community colleges), providers of job train-
7 ing and workforce development services (including
8 private-for-profit providers), within the workforce
9 development area; and

10 (4) representatives of community-based organi-
11 zations, employees, and veterans as nominated or
12 recommended to the board through a process estab-
13 lished by the Governors through the collaborative
14 process.

15 (d) ESTABLISHMENT OF BOARD.—

16 (1) SELECTION OF BOARD MEMBERS.—

17 (A) SINGLE UNIT OF LOCAL GOVERNMENT
18 IN AREA.—In the case of a workforce develop-
19 ment area that is comprised of only one unit of
20 general local government, the chief elected offi-
21 cial of such unit is authorized to select the
22 members of the local workforce development
23 board for such area, in accordance with the
24 State criteria developed pursuant to subsection
25 (b).

1 (B) MULTIPLE UNITS IN AREA.—In the
2 case of a workforce development area that is
3 comprised of more than one unit of general
4 local government, the chief elected officials of
5 such units are authorized to select the members
6 of the local workforce development board from
7 the individuals so nominated or recommended
8 for such area in accordance with an agreement
9 entered into by such officials and with the State
10 criteria developed under subsection (b). In the
11 absence of such an agreement, the appoint-
12 ments are authorized to be made by the Gov-
13 ernor, through the collaborative process, from
14 the individuals so nominated or recommended.

15 (2) CERTIFICATION.—The Governor is author-
16 ized to biennially certify one local workforce develop-
17 ment board for each workforce development area.

18 (3) EXCEPTION.—In any case in which a local
19 workforce development area is a State, the individ-
20 uals comprising the Governor's collaborative process
21 as described in section 103, may be reconstituted to
22 meet the requirements of this section.

23 (e) DUTIES OF LOCAL WORKFORCE DEVELOPMENT
24 BOARD.—

1 (1) LOCAL WORKFORCE DEVELOPMENT
2 PLAN.—Each local workforce development board
3 shall develop a biennial strategic plan and provide
4 policy guidance with respect to workforce develop-
5 ment programs operated within their respective
6 workforce development areas. Such strategic plan
7 shall be consistent with the State’s collaborative
8 workforce development and literacy plan, be ap-
9 proved by the appropriate chief elected official or of-
10 ficials, and be submitted to the Governor for ap-
11 proval. If after a reasonable effort, a local workforce
12 development board is unable to obtain the approval
13 of the chief elected official or officials, the Board has
14 the authority to forward the plan, with the com-
15 ments of the chief elected official or officials, to the
16 Governor for final approval or disapproval. Such
17 local plan shall include the following:

18 (A) Both short-term and long-term goals,
19 and related strategies, to ensure that workforce
20 preparation and development programs, includ-
21 ing programs established pursuant to this Act,
22 title I of the Rehabilitation Act of 1973, and
23 the Wagner-Peyser Act, contribute to a coher-
24 ent workforce development system in the
25 workforce development area.

1 (B) A description of the performance
2 measures to be used by the local workforce de-
3 velopment board for measuring the performance
4 of local service providers under chapter 2 of
5 title II, title III, and title I of the Rehabilita-
6 tion Act of 1973, and the performance of inte-
7 grated career center system operators, with
8 whom the Board contracts.

9 (C) A description of the local integrated
10 career center system to be established in the
11 workforce development area, including—

12 (i) a description of the process the
13 local workforce development board will use
14 to designate or establish a career center
15 system which ensures that the most effec-
16 tive and efficient service providers are cho-
17 sen;

18 (ii) an identification of the roles of in-
19 dividual workforce development programs
20 and programs authorized by the Wagner-
21 Peyser Act; and

22 (iii) a description of the funding
23 sources to be used in the operation of the
24 career center system.

1 (D) A description of strategies the local
2 workforce development board will undertake to
3 fully involve local employers, local educational
4 agencies, postsecondary education institutions,
5 adult education and literacy providers, local
6 service providers, parents and other consumers,
7 including individuals with disabilities, and older
8 workers in the development of the workforce de-
9 velopment system.

10 (E) Such other information as requested
11 by the State.

12 (2) IDENTIFICATION OF OCCUPATIONS IN DE-
13 MAND AND TRAINING NEEDS.—The local workforce
14 development board shall use available labor market
15 information and other appropriate methods in order
16 to identify and assess the needs of the workforce de-
17 velopment area.

18 (3) BUDGET AND PROGRAM OVERSIGHT.—

19 (A) BUDGETING.—

20 (i) The local workforce development
21 board, working through the State adminis-
22 trative agent, shall develop a budget for
23 the purpose of carrying out local programs
24 established under chapter 2 of title II, title
25 III, and title I of the Rehabilitation Act of

1 1973, and for integrated career center sys-
2 tems established or designated under sec-
3 tion 107 with the exception of funds made
4 available under the Wagner-Peyser Act.

5 (ii) Such budget shall be subject to
6 the approval of the appropriate chief elect-
7 ed official or officials in the workforce de-
8 velopment area.

9 (B) PROGRAM OVERSIGHT.—The local
10 workforce development board, in partnership
11 with the chief elected official or officials in the
12 workforce development area, shall conduct over-
13 sight of the workforce development programs
14 listed in subparagraph (A), and of the inte-
15 grated career center system established under
16 this title.

17 (4) ADMINISTRATION.—

18 (A) FISCAL AGENT.—

19 (i) The local workforce development
20 board may receive and disburse funds
21 made available for carrying out programs
22 authorized under chapter 2 of title II, title
23 III, and title I of the Rehabilitation Act of
24 1973 of this Act, or the local workforce de-
25 velopment board may designate a fiscal

1 agent (which may include the State
2 through a mutual agreement between the
3 local board and the State), for the purpose
4 of disbursement of funds to career centers
5 and other service providers, as designated
6 by the local workforce development board.

7 (ii) The Board may employ its own
8 staff, independent of local programs and
9 service providers, and may solicit or accept
10 grants and contributions from sources
11 other than from this Act.

12 (B) LIMITATION.—The workforce develop-
13 ment board, or employees of such board, may
14 not operate programs established under this
15 Act. The Governor is authorized to prohibit the
16 employees of agencies providing staff support to
17 such local workforce development boards from
18 providing workforce development services to in-
19 dividuals served through the use of funds au-
20 thorized under this Act, and under title I of the
21 Rehabilitation Act of 1973.

22 (C) CONFLICT OF INTEREST.—A member
23 of a workforce development board may not—

24 (i) discuss or participate in board con-
25 sideration; or

1 (ii) cast a vote;
2 regarding the provision of services by such
3 member (or by an organization that such mem-
4 ber represents) or regarding any matter that
5 would provide direct financial benefit to such
6 member. The Governor may enforce more rigor-
7 ous conflict of interest standards, as determined
8 appropriate.

9 (D) INDEPENDENT AUTHORITY.—

10 (i) The Board shall elect its own
11 chairperson from among the members of
12 the board.

13 (ii) The board may adopt bylaws and
14 other operating procedures as consistent
15 with the purposes of this Act, and with the
16 policies established in the State workforce
17 development and literacy plan.

18 (5) OTHER.—The Governor may require local
19 workforce development boards to carry out such
20 other duties as determined to be appropriate by the
21 Governor and the individuals and entities described
22 in section 103, through the collaborative process de-
23 scribed in the State plan.

1 **SEC. 107. ESTABLISHMENT OF INTEGRATED CAREER CEN-**
2 **TER SYSTEMS.**

3 (a) IN GENERAL.—The Governor of a State that de-
4 sires to receive a grant under one or more of the programs
5 specified in section 102(b) shall ensure that each local
6 workforce development board establish or designate an in-
7 tegrated career center system in the workforce develop-
8 ment area of such board, consistent with criteria estab-
9 lished under subsection (b).

10 (b) STATE CRITERIA.—The Governor, through the
11 collaborative process described under section 103, is au-
12 thorized to establish statewide criteria for use by local
13 workforce development boards in the designation or estab-
14 lishment of integrated career center systems to ensure
15 that the most effective and efficient service providers are
16 chosen, consistent with the requirements prescribed under
17 subsection (c).

18 (c) INTEGRATED CAREER CENTER SYSTEM RE-
19 QUIREMENTS.—At a minimum, integrated career center
20 systems shall include—

- 21 (1) common intake;
- 22 (2) preliminary assessment;
- 23 (3) integrated job search assistance;
- 24 (4) to the extent practicable, as determined by
25 the Governor, unified and linked computer systems,
26 including the availability of labor market informa-

1 tion as described under title II of the Wagner-Peyser
2 Act, as added by section 132 of this Act, and link-
3 ages through uniform management information sys-
4 tems; and

5 (5) to the extent practicable, as determined by
6 the Governor, at least one physical, co-located site
7 which provides comprehensive and fully integrated
8 workforce development services to any individual
9 seeking such services.

10 Local workforce development areas are encouraged to es-
11 tablish a network of comprehensive and fully-integrated
12 co-located career centers to provide the services described
13 in subsection (f), supplemented with multiple affiliated
14 sites or satellites that provide one or more of such services
15 and are linked through electronic and technological access
16 points. Such affiliated sites may include entities des-
17 ignated as having a specialization in addressing special
18 needs, such as the needs of individuals with disabilities.

19 (d) COMMON ACCESS.—Information pertaining to the
20 labor market which is compiled pursuant to title II of the
21 Wagner-Peyser Act, as added by section 132 of this Act,
22 shall be available, to the extent practicable, through inte-
23 grated electronic networks, at all integrated career centers
24 and affiliated sites.

1 (e) ELIGIBILITY FOR DESIGNATION.—Any entity or
2 consortium of entities located in the workforce develop-
3 ment area may be designated by the local workforce devel-
4 opment board to operate an integrated career center or
5 to participate in an integrated career center system. Such
6 entities may include the following:

7 (1) Institutions of higher education.

8 (2) Area vocational education schools.

9 (3) Local employment service offices, estab-
10 lished under the Wagner-Peyser Act.

11 (4) Private nonprofit organizations, (including
12 community-based organizations).

13 (5) Private for-profit entities.

14 (6) Agencies of local governments.

15 (7) Other interested organizations and entities
16 of demonstrated effectiveness, including local cham-
17 bers of commerce and other business organizations,
18 consistent with State criteria established pursuant to
19 subsection (b).

20 (f) DUTIES.—Each integrated career center system
21 shall, to the extent practicable as determined by the Gov-
22 ernor, carry out the following duties:

23 (1) PROVISION OF CORE SERVICES.—An inte-
24 grated career center system shall make available the
25 following information and core services to individuals

1 on a universal and nondiscriminatory basis, with
2 reasonable accommodations to address the needs of
3 individuals with disabilities, in the workforce devel-
4 opment area in which such center is located:

5 (A) Outreach and intake for services pro-
6 vided under chapter 2 of title II, title III, sub-
7 title A of title IV, and title I of the Rehabilita-
8 tion Act of 1973.

9 (B) A preliminary assessment of the skill
10 levels and the need for services of the individual
11 for programs under chapter 2 of title II, title
12 III, subtitle A of title IV, and title I of the Re-
13 habilitation Act of 1973 of individuals, which
14 may include such factors as basic skills, occupa-
15 tional skills, career development skills, prior
16 work experience, employability, interests, apti-
17 tudes, vocational rehabilitation needs, and sup-
18 portive service needs.

19 (C) Labor market information relating to
20 local and State, and if appropriate, to regional
21 or national, occupations in demand and skill re-
22 quirements for such occupations, including job
23 listings for the local labor market.

24 (D) Information relating to youth services,
25 including information on at-risk youth develop-

1 ment and career preparation programs author-
2 ized under title II, on vocational education and
3 school-to-work opportunities, and on youth ap-
4 prenticeship opportunities.

5 (E) Career counseling and career planning
6 based on a preliminary assessment of the indi-
7 vidual.

8 (F) Job search assistance.

9 (G) Information related to vocational reha-
10 bilitation services, as provided for in title I of
11 the Rehabilitation Act of 1973.

12 (H) Information relating to federally fund-
13 ed education and job training programs (includ-
14 ing registered apprenticeships), and student aid
15 programs, including the eligibility requirements
16 of and services provided by such programs.

17 (I) Information on, and assistance in
18 accessing referral to additional services through
19 programs providing adult education and literacy
20 services, vocational rehabilitation, youth and
21 adult workforce preparation and development,
22 and supportive services, including those pro-
23 grams authorized in titles II through IV, title
24 I of the Rehabilitation Act of 1973, available in
25 the workforce development area.

1 (J) Information on the extent to which the
2 services provided under titles II and III, sub-
3 title A of title IV, and title I of the Rehabilita-
4 tion Act of 1973, meet or exceed the expected
5 levels of performance described in the State and
6 local plans, and the performance-based informa-
7 tion provided by the State to local workforce de-
8 velopment boards on certified providers of edu-
9 cation and training, as required under section
10 108(d)(3).

11 (K) Acceptance of applications for unem-
12 ployment compensation.

13 (L) Other appropriate activities to assist
14 individuals into employment.

15 (2) DISTRIBUTION OF CAREER GRANTS.—A
16 center or an affiliated site may serve as the point of
17 distribution of career grants for education, training,
18 and vocational rehabilitation services to eligible indi-
19 viduals in accordance with section 108.

20 (3) SPECIAL ARRANGEMENTS.—For the pur-
21 pose of providing core services to individuals with se-
22 vere disabilities in the most effective and efficient
23 manner possible, the integrated career center system
24 may arrange to have such core services provided to
25 an individual by a certified provider or the State ei-

1 ther on a contract basis or through the use of career
2 grants.

3 (g) **ADDITIONAL SERVICES.**—Integrated career cen-
4 ter systems, may provide customized workforce develop-
5 ment services to employers on a fee-for-service basis, as
6 determined by the local workforce development board.

7 (h) **ALTERNATIVE STATE STRATEGY.**—Through the
8 collaborative process described in section 103, the Gov-
9 ernor has the authority to develop alternative strategies
10 to the integrated career center system, which are designed
11 to accomplish the full integration of workforce develop-
12 ment programs. These alternative strategies shall be de-
13 scribed in a proposal to the Secretaries of Education and
14 Labor for joint review and approval or disapproval not
15 later than 60 days after the date of receipt of such pro-
16 posal.

17 **SEC. 108. IDENTIFICATION OF ELIGIBLE EDUCATION,**
18 **TRAINING, AND VOCATIONAL REHABILITA-**
19 **TION SERVICE PROVIDERS.**

20 (a) **ELIGIBILITY REQUIREMENTS.**—A program of-
21 fered by a provider of education and training services shall
22 be eligible to receive funds under title III, and title I of
23 the Rehabilitation Act of 1973 through the receipt of ca-
24 reer grants, or through contract, if such program and pro-
25 vider—

1 (1) is either—

2 (A) eligible to participate in title IV of the
3 Higher Education Act of 1965, or

4 (B) determined to be eligible under the
5 procedures described in subsection (b); and

6 (2) provides the performance-based information
7 required pursuant to subsection (c), except that pro-
8 viders eligible under subparagraph (A) only have to
9 provide information for programs other than pro-
10 grams leading to a degree.

11 (b) ALTERNATIVE ELIGIBILITY PROCEDURE.—

12 (1) IN GENERAL.—The Governor shall establish
13 an alternative eligibility procedure for providers of
14 education, training, and vocational rehabilitation
15 services (which may include private sector, for profit
16 and nonprofit providers of such services) in any
17 State desiring to receive funds under title III of this
18 Act and title I of the Rehabilitation Act of 1973, but
19 that are not eligible to participate in title IV of the
20 Higher Education Act of 1965. Such procedure shall
21 establish minimum acceptable levels of performance
22 for such providers, and be based on guidelines devel-
23 oped by the Secretaries of Labor and Education.
24 The Governor may utilize such criteria to certify
25 service providers as having the ability to meet occu-

1 pational skill standards promoted by the National
2 Skill Standards Board, or to meet, high, industry-
3 recognized standards that result in a portable skill
4 certificate in the subject, occupation, or industry for
5 which training is provided, except where such stand-
6 ards are not appropriate for the services rendered.
7 The Governor shall utilize the local workforce devel-
8 opment boards, for the identification of eligible
9 qualified providers of education, training, and voca-
10 tional rehabilitation services. During a transition pe-
11 riod, not to exceed 2 years, identification of eligible
12 programs and providers under this subsection may
13 be based on the performance of such programs and
14 providers under the Job Training Partnership Act,
15 the Rehabilitation Act of 1973, or other objective
16 measures of previous performance, such as employer
17 evaluations.

18 (2) Notwithstanding paragraph (1), if the par-
19 ticipation of an institution of higher education in
20 any of the programs under such title of such Act is
21 terminated, such institution shall not be eligible to
22 receive funds under this Act for a period of not less
23 than two years.

24 (c) PERFORMANCE-BASED INFORMATION.—The
25 State shall identify performance-based information that is

1 to be submitted by providers of services for programs to
2 be eligible under this section. Such information may in-
3 clude information, relating to—

4 (1) the percentage of students completing the
5 programs conducted by the provider;

6 (2) the rates of licensure of graduates of the
7 programs conducted by the provider;

8 (3) the percentage of graduates of the programs
9 meeting industry-recognized skill standards and cer-
10 tification requirements that are at least as challeng-
11 ing as skill standards endorsed by the National Skill
12 Standards Board, once such standards are available.

13 (4) measures of program effectiveness such as
14 the rates of placement and retention in employment,
15 and the earnings of graduates of programs con-
16 ducted by the provider, employer evaluations of pro-
17 vider services, and adherence to accepted industry
18 quality standards (where available) by such provid-
19 ers;

20 (5) the percentage of students who obtained
21 employment in an occupation related to the program
22 conducted by the provider;

23 (6) the warranties or guarantees provided by
24 such provider relating to the skill levels or employ-
25 ment to be attained by students;

1 (7) other information for providers of services
2 under title I of the Rehabilitation Act of 1973 that
3 reflects the priority of serving individuals with severe
4 disabilities; and

5 (8) the percentage of students who, as a result
6 of participation in the program demonstrate signifi-
7 cant gains in literacy and basic skills.

8 (d) ADMINISTRATION.—

9 (1) STATE AGENCY.—The Governor is author-
10 ized to designate a State agency to collect, verify,
11 and disseminate the performance-based information
12 submitted pursuant to subsection (c).

13 (2) APPLICATION.—A provider of education and
14 training services that desires to be eligible to receive
15 funds under this title shall submit the information
16 required under subsection (c) to the State agency
17 designated under paragraph (1) of this subsection at
18 such time and in such form as such State agency
19 may require.

20 (3) LIST OF ELIGIBLE PROVIDERS.—The State
21 agency shall compile a list of eligible programs and
22 providers, accompanied by the performance-based in-
23 formation submitted, and disseminate such list and
24 information to the local workforce development

1 boards and integrated career center systems within
2 the State.

3 (4) ACCURACY OF INFORMATION.—

4 (A) IN GENERAL.—If the State agency de-
5 termines that information concerning a provider
6 is inaccurate, such provider shall be disqualified
7 from receiving funds under this title for a pe-
8 riod of not less than two years, unless such pro-
9 vider can demonstrate to the satisfaction of the
10 Governor or his or her designee, that the infor-
11 mation was provided in good faith.

12 (B) APPEAL.—The Governor shall estab-
13 lish a procedure for a service provider to appeal
14 a determination by a State agency that results
15 in a disqualification under subparagraph (A).
16 Such procedure shall provide an opportunity for
17 a hearing and prescribe appropriate time limits
18 to ensure prompt resolution of the appeal.

19 (5) ASSISTANCE IN DEVELOPING INFORMA-
20 TION.—The State agency established pursuant to
21 paragraph (1) may provide technical assistance to
22 education, training, and vocational rehabilitation
23 providers in developing the information required
24 under subsection (b). Such assistance may include
25 facilitating the utilization of State administrative

1 records, such as unemployment compensation wage
2 records, and other appropriate coordination activi-
3 ties.

4 (e) ON-THE-JOB TRAINING EXCEPTION.—

5 (1) IN GENERAL.—Providers of on-the-job
6 training are not subject to the requirements of sub-
7 sections (a), (b), (c), and (d).

8 (2) COLLECTION AND DISSEMINATION OF IN-
9 FORMATION.—The Workforce Development Board
10 shall collect such performance-based information
11 from on-the-job training providers as the Governor
12 may require, and disseminate such information to
13 the local integrated career center systems.

14 (f) RULE OF CONSTRUCTION REGARDING STATE AS
15 PROVIDER OF SERVICES.—This section does not prohibit
16 a State from being a provider of education and training
17 services under title III, or under title I of the Rehabilita-
18 tion Act of 1973, subject to the State meeting the require-
19 ments of this section for serving as such a provider.

20 **SEC. 109. MANAGEMENT INFORMATION SYSTEMS.**

21 (a) IN GENERAL.—Each State is authorized to use
22 a portion of the funds it receives under this Act to design
23 a unified management information system that is in ac-
24 cordance with guidelines established jointly by the Sec-
25 retaries in consultation with the Governors.

1 (b) REQUIREMENTS.—Each unified management in-
2 formation system shall, to the extent practicable as deter-
3 mined by the Governor—

4 (1) be utilized for federally required fiscal re-
5 porting and monitoring for each of the programs au-
6 thorized under this Act;

7 (2) be used by all agencies involved in
8 workforce development activities, including inte-
9 grated career center systems which shall have the
10 capability to track the overall public investments
11 within the State and workforce development areas,
12 and to inform policymakers as to the results being
13 achieved and the demographic characteristics of the
14 individuals served through that investment;

15 (3) contain a common structure of financial re-
16 porting requirements, fiscal systems and monitoring
17 for all workforce development expenditures included
18 in the workforce development system that shall uti-
19 lize common data elements and the definitions in-
20 cluded in section 5;

21 (4) support local efforts to establish workforce
22 development systems, including intake and eligibility
23 determination for all services; and

24 (5) contain data on the demographic character-
25 istics on the participants served by programs author-

1 ized under this Act, which shall be collected, pro-
2 duced, and published by the Secretaries.

3 (c) PRIVACY.—Nothing in this Act shall violate the
4 provisions of the Family Education Rights and Privacy
5 Act under section 444 of the General Education Provi-
6 sions Act and the privacy and confidentiality provisions
7 under section 22(b) of title II of the Wagner Peyser Act
8 as amended by this Act.

9 **SEC. 110. PERFORMANCE ACCOUNTABILITY SYSTEM.**

10 (a) IN GENERAL.—In order to promote high levels
11 of performance and to ensure an appropriate return on
12 the Nation's investment in the workforce development and
13 literacy system, each State receiving funds under this Act
14 shall develop, or have developed, a statewide performance
15 accountability system in accordance with the provisions of
16 this section.

17 (b) INDICATORS OF PERFORMANCE.—

18 (1) IN GENERAL.—Each State receiving funds
19 under this Act shall identify indicators of perform-
20 ance for each of the programs established under ti-
21 tles II through IV of this Act and title I of the Re-
22 habilitation Act of 1973, consistent with State goals
23 as described in the State plan in accordance with
24 section 104. Such indicators shall, at a minimum,
25 include the core indicators described in subsection

1 (f), and be expressed in an objective, quantifiable,
2 and measurable form. Such indicators may also in-
3 clude post-program surveys measuring customer sat-
4 isfaction of both employers and program partici-
5 pants.

6 (2) TECHNICAL DEFINITIONS OF CORE INDICA-
7 TORS.—In order to ensure nationwide comparability
8 of performance data, the Secretary of Labor and the
9 Secretary of Education, in collaboration with the
10 States and with representatives of business and in-
11 dustry, employees, educational agencies, service pro-
12 viders, participants, parents and other interested
13 parties, shall promulgate technical definitions of
14 each of the core indicators described in subsection
15 (f), to be used under this Act in measuring perform-
16 ance.

17 (c) EXPECTED LEVELS OF PERFORMANCE.—

18 (1) IN GENERAL.—(A) Each State shall identify
19 the level of performance, consistent with State goals
20 described under section 104, that is expected for
21 local workforce development areas and other applica-
22 ble local administrative entities under this Act. In
23 determining such levels, the State shall take into ac-
24 count the challenging levels identified under para-
25 graph (2), and initially develop baseline levels of per-

1 formance upon which the State will measure contin-
2 uous improvement.

3 (B) The Governor, through the collaborative
4 process, may adjust the expected level of perform-
5 ance with respect to each local area taking into ac-
6 count specific economic, demographic, and geo-
7 graphic factors, and the characteristics of the popu-
8 lation to be served.

9 (2) CHALLENGING LEVELS OF PERFORM-
10 ANCE.—In order to encourage high levels of per-
11 formance and advance the Nation's competitiveness
12 in the global economy, the Secretary of Labor and
13 the Secretary of Education, in collaboration with the
14 States and with representatives of business and in-
15 dustry, employees, educational agencies, service pro-
16 viders, participants, parents and other interested
17 parties, shall identify challenging levels of perform-
18 ance with respect to appropriate core indicators se-
19 lected from among the core indicators described in
20 subsection (f). Where applicable, such challenging
21 levels of performance shall reflect industry-recog-
22 nized skill standards.

23 (d) REPORT ON PERFORMANCE.—

24 (1) IN GENERAL.—The State shall report to the
25 Secretary of Labor and the Secretary of Education,

1 the levels of performance achieved by local workforce
2 development areas and other applicable local admin-
3 istrative entities with respect to the indicators iden-
4 tified pursuant to subsection (b)(1) for each pro-
5 gram year. The Secretaries shall make such infor-
6 mation available to the general public through publi-
7 cation and other appropriate methods, and shall dis-
8 seminate State-by-State comparisons, and compari-
9 sons with other industrialized nations (where appro-
10 priate).

11 (2) REPORTING OPTIONS.—In the collection
12 and reporting of such data, States are encouraged to
13 utilize administrative reporting data on quarterly
14 earnings, establishment and industry affiliation, and
15 geographic location of employment, such as unem-
16 ployment insurance wage-data records.

17 (e) CONSEQUENCES FOR POOR PERFORMANCE.—

18 (1) CRITERIA.—The Governor, through the col-
19 laborative process, is authorized to establish criteria
20 for determining whether local workforce development
21 areas and other applicable local administrative enti-
22 ties have failed to meet expected levels of perform-
23 ance with respect to programs under this Act.

24 (2) CONSEQUENCES FOR POOR PERFORM-
25 ANCE.—

1 (A) STATE CONSEQUENCES.—If a State
2 fails to meet expected levels of performance for
3 a program for any program year as established
4 pursuant to subsection (a), the Secretary of
5 Education or the Secretary of Labor, as appro-
6 priate to the particular program, may provide
7 technical assistance, including assistance in the
8 development of a performance improvement
9 plan. If such failure continues for a second con-
10 secutive year, the appropriate Secretary may re-
11 duce by not more than 5 percent, the amount
12 of the grant that would (in the absence of this
13 paragraph) be payable to the State under such
14 program for the immediately succeeding pro-
15 gram year. Such penalty shall be based on the
16 degree of failure to meet expected levels of per-
17 formance.

18 (B) LOCAL CONSEQUENCES.—(i) If a local
19 workforce development area, or other applicable
20 local administrative entity, fails to meet ex-
21 pected levels of performance for a program for
22 any program year under the criteria established
23 in paragraph (1), the Governor, through the
24 collaborative process, may provide technical as-

1 sistance, including the development of a per-
2 formance improvement plan.

3 (ii) If such failure continues for a second
4 consecutive year, the Governor may take correc-
5 tive actions, such as the withholding of funds,
6 the redesignation of a local administrative en-
7 tity, or such other actions as the Governor,
8 through the collaborative process, determines
9 are appropriate, consistent with State law, sec-
10 tion 104(c)(3) of this Act, and the requirements
11 of this Act.

12 (f) CORE INDICATORS OF PERFORMANCE.—

13 (1) COMMON CORE INDICATORS FOR ADULTS.—

14 In addition to the core indicators of performance de-
15 scribed in paragraph (2), common core indicators of
16 performance for programs conducted under titles III
17 and IV of this Act, and under title I of the Voca-
18 tional Rehabilitation Act of 1973 shall be weighted
19 and applied to each of the individual programs, ac-
20 cording to the purposes of such titles, and include
21 measures of—

22 (A) placement in unsubsidized employ-
23 ment;

1 (B) retention in unsubsidized employment
2 for not less than 6 months and for not less than
3 12 months, respectively;

4 (C) increases in earnings, or in earnings in
5 combination with employer-assisted benefits;

6 (D) attainment of industry-recognized oc-
7 cupational skills, including basic workplace
8 competencies and industry-recognized skill
9 standards, which may include the acquisition of
10 a skill certificate in the occupation for which
11 the individual has been prepared;

12 (E) attainment of a high school diploma, a
13 general equivalency diploma, or a certificate of
14 completion of a program authorized under the
15 Rehabilitation Act of 1973; and

16 (F) such other measures of performance
17 that the State may wish to collect.

18 (2) ADDITIONAL CORE INDICATORS FOR
19 ADULTS.—

20 (A) ADULT EMPLOYMENT AND TRAINING
21 PROGRAMS.—In addition to the common core
22 indicators described in paragraph (1), the core
23 indicators of performance for programs con-
24 ducted under title III shall include measures of
25 the success of individuals with barriers to em-

1 ployment, including dislocated workers, eco-
2 nomically disadvantaged individuals, older
3 workers, individuals with disabilities, displaced
4 homemakers, veterans, and individuals who are
5 basic skills deficient, in achieving performance
6 goals established pursuant to this Act.

7 (B) ADULT EDUCATION AND FAMILY LIT-
8 ERACY PROGRAMS.—In addition to the common
9 core indicators described in paragraph (1), the
10 core indicators of performance for programs
11 conducted under title IV shall include measures
12 of—

13 (i) the number of individuals who, as
14 a result of participation in programs fund-
15 ed under this Act, demonstrate significant
16 gains in literacy skills; and

17 (ii) such other measures of perform-
18 ance that the State may wish to collect, in-
19 cluding measures of the success of family
20 literacy programs, increased English lan-
21 guage skills, and increased community in-
22 volvement.

23 (C) PROGRAMS ESTABLISHED UNDER
24 TITLE I OF THE REHABILITATION ACT OF
25 1973.—In addition to the common core indica-

1 tors described in paragraph (1), the core indica-
2 tors of performance for programs conducted
3 under title I of the Rehabilitation Act of 1973
4 shall include measures of the success of individ-
5 uals with severe disabilities, including those in-
6 dividuals determined to have a disability under
7 title II or title XVI of the Social Security Act,
8 in achieving performance goals established pur-
9 suant to this Act.

10 (3) CORE INDICATORS FOR YOUTH DEVELOP-
11 MENT AND CAREER PREPARATION PROGRAMS.—The
12 core indicators of performance for programs con-
13 ducted under title II shall include measures of—

14 (A) attainment of challenging State aca-
15 demic standards;

16 (B) attainment of a high school diploma or
17 a general equivalency diploma;

18 (C) attainment of industry-recognized oc-
19 cupational skills, including basic workplace
20 competencies and industry-recognized skill
21 standards, which may include the acquisition of
22 a skill certificate in the occupation for which
23 the individual has been prepared; if such skill
24 certificate is acquired in addition to or in com-

1 bination with a high school diploma or general
2 equivalency diploma;

3 (D) reduction in school dropout rates;

4 (E) positive results such as placement in
5 postsecondary education or advanced training,
6 military service, employment, or registered ap-
7 prenticeships;

8 (F) the success of individuals described
9 under section 201(12) in achieving performance
10 goals established pursuant to this Act, including
11 placement in nontraditional training and em-
12 ployment; and

13 (G) such other measures of performance
14 that the State may wish to collect.

15 **SEC. 111. LIMITATION ON FEDERAL REGULATIONS.**

16 The Secretary of the Department of Labor and the
17 Secretary of the Department of Education shall issue reg-
18 ulations under this Act only to the extent that such regula-
19 tions are necessary to ensure that there is compliance with
20 the specific requirements of this Act.

21 **SEC. 112. GENERAL PROVISION.**

22 Nothing in this Act shall mandate that any individ-
23 ual, particularly youth served under title II of this Act,
24 be required to choose a specific career path or major.

1 **SEC. 113. LIABILITY.**

2 Expenditures that are disallowed (except in the case
3 of fraud, embezzlement, or other criminal activities) under
4 this Act or under title I of the Rehabilitation Act of 1973,
5 may be repaid from funds allocated under the title for
6 which such disallowance occurs, in subsequent program
7 years or fiscal years, as appropriate, after the year in
8 which such disallowance occurred. The amount of funds
9 repaid should be equal to the amount of funds disallowed.

10 **Subtitle B—Amendments to**
11 **Wagner-Peyser Act**

12 **SEC. 131. GENERAL PROGRAM REQUIREMENTS.**

13 (a) DEFINITIONS.—Section 2 of the Act of June 6,
14 1933 (commonly known as the “Wagner-Peyser Act”) (29
15 U.S.C. 49a) is amended—

16 (1) in paragraph (1), by striking “Job Training
17 Partnership Act” and inserting “Consolidated and
18 Reformed Education, Employment, and Rehabilita-
19 tion Systems Act”;

20 (2) in paragraph (2) to read as follows:

21 “(2) the term ‘local workforce development
22 board’ means a local workforce development board
23 established under title I of the Consolidated and Re-
24 formed Education, Employment, and Rehabilitation
25 Systems Act;”;

26 (3) in paragraph (4) to read as follows:

1 “(4) the term ‘local workforce development
2 area’ means a local workforce development area es-
3 tablished under title I of the Consolidated and Re-
4 formed Education, Employment, and Rehabilitation
5 Systems Act;”;

6 (4) in paragraph (5), by striking the period at
7 the end and inserting a semicolon; and

8 (5) by adding at the end the following new
9 paragraphs:

10 “(6) the term ‘public employment office’ means
11 an office which provides employment services to the
12 general public as part of an integrated career center
13 system; and

14 “(7) the term ‘integrated career center system’
15 means an integrated career center system estab-
16 lished under title I of the Consolidated and Re-
17 formed Education, Employment, and Rehabilitation
18 Systems Act.”.

19 (b) DUTIES.—Section 3(a) of such Act (29 U.S.C.
20 49b(a)) is amended to read as follows:

21 “(a) The Secretary of Labor shall, pursuant to title
22 II of this Act—

23 “(1) assist in the coordination and development
24 of a nationwide system of labor exchange services for
25 the general public;

1 “(2) assist in the development of performance
2 standards, benchmarks, and continuous improve-
3 ment models for such nationwide system which en-
4 sures private sector satisfaction and meets the de-
5 mands of jobseekers; and

6 “(3) ensure the continued services for individ-
7 uals receiving unemployment compensation.”.

8 (c) REQUIREMENTS FOR RECEIPT OF FUNDS.—Sec-
9 tion 4 of such Act (29 U.S.C. 49c) is amended by striking
10 “a State shall, through its legislature” and inserting “the
11 Governor of a State shall, through the collaborative proc-
12 ess described in title I of the Consolidated and Reformed
13 Education, Employment, and Rehabilitation Systems
14 Act”.

15 (d) AUTHORIZATION OF APPROPRIATIONS.—Section
16 5 of such Act (29 U.S.C. 49d) is amended by inserting
17 before the period at the end the following: “, of which not
18 less than 25 percent shall be for carrying out both section
19 14 and title II of this Act”.

20 (e) USE OF FUNDS UNDER THIS ACT.—Section
21 7(c)(2) of such Act (29 U.S.C. 49f(c)(2)) is amended by
22 striking “any of the following provisions of law” and all
23 that follows and inserting “the Consolidated and Re-
24 formed Education, Employment, and Rehabilitation Sys-
25 tems Act.”.

1 (f) STATE PLAN.—Section 8 of such Act (29 U.S.C.
2 49g) is amended—

3 (1) in subsection (a) to read as follows:

4 “(a) Any State desiring to receive assistance under
5 this Act shall submit to the Secretary, as part of the State
6 workforce development and literacy plan authorized under
7 title I of the Consolidated and Reformed Education, Em-
8 ployment, and Rehabilitation Systems Act, detailed plans
9 for carrying out the provisions of this Act within such
10 State.”;

11 (2) by striking subsections (b), (c), and (e); and

12 (3) by redesignating subsection (d) as sub-
13 section (b).

14 (g) ELIMINATION OF FEDERAL ADVISORY COUN-
15 CIL.—Section 11 of such Act (29 U.S.C. 49j) is hereby
16 repealed.

17 (h) CONFORMING AMENDMENTS.—

18 (1) Such Act is amended by inserting after sec-
19 tion 2 the following new heading:

20 **“TITLE I—GENERAL PROGRAM**
21 **REQUIREMENTS”.**

22 (2) Section 4 of such Act is amended by strik-
23 ing “United States Employment Service” and insert-
24 ing “Secretary of Labor”.

1 (3) Section 7(b)(2) of such Act is amended by
2 striking “private industry council” and inserting
3 “local workforce development board”.

4 (4) Section 7(d) of such Act is amended—

5 (A) by striking “United States Employ-
6 ment Service” and inserting “Secretary of
7 Labor”; and

8 (B) by striking “Job Training Partnership
9 Act” and inserting “Consolidated and Reformed
10 Education, Employment, and Rehabilitation
11 Systems Act”.

12 (5) Section 12 of such Act is amended by strik-
13 ing “The Director, with the approval of the Sec-
14 retary of Labor,” and inserting “The Secretary of
15 Labor”.

16 **SEC. 132. LABOR MARKET INFORMATION.**

17 The Act of June 6, 1933 (commonly known as the
18 “Wagner-Peyser Act”; 29 U.S.C. 49), as amended by sec-
19 tion 131, is further amended by adding at the end the
20 following new title:

21 **“TITLE II—LABOR MARKET**
22 **INFORMATION**

23 **“SEC. 21. PURPOSE.**

24 “The purpose of this title is to ensure a comprehen-
25 sive and coordinated system of labor market information

1 which will provide locally based, accurate, up-to-date, eas-
2 ily accessible, and user friendly labor market information
3 through a cooperative Federal, State, and local governance
4 structure which includes partnerships with the private sec-
5 tor at all levels.

6 **“SEC. 22. SYSTEM CONTENT.**

7 “(a) IN GENERAL.—The Secretary of Labor, in ac-
8 cordance with the provisions of this title, shall oversee the
9 development, maintenance, and continuous improvement
10 of a nationwide system of labor market information using
11 statistically valid data, which include—

12 “(1) statistical data from survey and projection
13 programs and data from administrative reporting
14 systems, which, taken together, enumerate, estimate,
15 and project the supply and demand for labor at Fed-
16 eral, State, and local levels in a timely manner, in-
17 cluding data on—

18 “(A) the demographic characteristics, as
19 defined in section 5 of the Consolidated and Re-
20 formed Education, Employment, and Rehabili-
21 tation Systems Act, socioeconomic characteris-
22 tics, and current employment status of the pop-
23 ulation, including self-employed, part-time, and
24 seasonal workers, and individuals with severe

1 disabilities, as such data are available from the
2 Bureau of Census and other sources;

3 “(B) job vacancies, education and training
4 requirements, skills, wages, benefits, working
5 conditions, and industrial distribution of occu-
6 pations, as well as current and projected em-
7 ployment opportunities and trends by industry
8 and occupation;

9 “(C) the educational attainment, training,
10 skills, skill levels, and occupations of the popu-
11 lation aggregates, as such data are avail-
12 able from the Bureau of Census and other
13 sources;

14 “(D) information (such as unemployment
15 insurance wage data records) maintained in a
16 longitudinal manner on the quarterly earnings,
17 establishment and industry affiliation, and geo-
18 graphic location of employment; and

19 “(E) the incidence, industrial and geo-
20 graphical location, and number of workers dis-
21 placed by permanent layoffs and plant closings;

22 “(2) State and local employment and consumer
23 information on—

24 “(A) job openings, locations, hiring re-
25 quirements, and application procedures, as well

1 as profiles of employers in the local labor mar-
2 ket describing the nature of work performed,
3 employment requirements, wages, benefits, and
4 hiring patterns as such information is volun-
5 teered by employers;

6 “(B) aggregate data on job seekers, includ-
7 ing their education and training, skills, skill lev-
8 els, employment experience, and employment
9 goals; and

10 “(C) education courses, training programs,
11 job placement programs, and vocational reha-
12 bilitation programs (where appropriate), includ-
13 ing—

14 “(i) program performance information
15 as required by this Act, such as summary
16 data on program completion, acquisition of
17 industry-recognized skill standards, job
18 placement, earnings, and the level of satis-
19 faction of the participants and their em-
20 ployers; and

21 “(ii) descriptive information on pro-
22 grams, such as eligibility requirements,
23 costs, financial support, or other support-
24 ive services, and other appropriate infor-

1 mation which may be available with these
2 courses and programs;

3 “(3) technical standards for data and informa-
4 tion that will—

5 “(A) as a minimum guarantor of data use-
6 fulness and quality, ensure compatibility and
7 additivity of data and information to enable
8 comparisons among localities and States;

9 “(B) support standardization and aggrega-
10 tion of data and information from the adminis-
11 trative reporting systems of employment-related
12 programs; and

13 “(C) include—

14 “(i) classification and coding systems
15 for industries, occupations, skills, pro-
16 grams, and courses;

17 “(ii) nationally standardized defini-
18 tions of terms;

19 “(iii) a common system for designat-
20 ing geographic areas;

21 “(iv) quality control mechanisms for
22 data collection and analysis; and

23 “(v) common schedules for data col-
24 lection and dissemination;

1 “(4) analysis of data and information for uses
2 including—

3 “(A) Federal, State, and local economic
4 policymaking;

5 “(B) the implementation of Federal poli-
6 cies, including the allocation of Federal funds
7 to States and localities and the facilitation of
8 job search and hiring in local labor markets;

9 “(C) Federal, State, and local program
10 planning and evaluation; and

11 “(D) research on labor market dynamics;

12 “(5) dissemination mechanisms for data and
13 analysis, including mechanisms which may be stand-
14 ardized among the States and technical standards in
15 the design of automated databases, and the design
16 of user interfaces and communications protocols;

17 “(6) programs of technical assistance for States
18 and localities in the development, maintenance, and
19 utilization of data, analysis, and dissemination
20 mechanisms, including assistance in adopting and
21 utilizing automated systems and improving the ac-
22 cess, through electronic and other means, of youth,
23 adults, and employers to labor market information
24 for localities, States, and the Nation;

1 “(7) programs of research and demonstration,
2 which may be carried out by States and other public
3 or private entities, on ways to improve the products
4 and processes authorized in this title; and

5 “(8) objective performance measures, which will
6 allow for the continuous monitoring of the progress
7 of the labor market information system at national,
8 State, and local levels.

9 “(b) INFORMATION TO BE CONFIDENTIAL.—

10 “(1) IN GENERAL.—No officer or employee of
11 the Federal Government or agent of the Federal
12 Government may—

13 “(A) use the information furnished under
14 the provisions of this title for any purpose other
15 than the statistical purposes for which it is sup-
16 plied;

17 “(B) make any publication whereby the
18 data furnished by any particular establishment
19 or individual under this title can be individually
20 identified; or

21 “(C) permit anyone other than the sworn
22 officers and employees of any Federal depart-
23 ment or agency to examine the individual re-
24 ports.

1 “(2) IMMUNITY FROM LEGAL PROCESS.—Any
2 information which is collected and retained under
3 this title shall be immune from the legal process and
4 shall not, without the consent of the individual or es-
5 tablishment concerned, be admitted as evidence or
6 used for any purpose in any action, suit, or other ju-
7 dicial or administrative proceeding.

8 **“SEC. 23. FEDERAL RESPONSIBILITIES.**

9 “(a) IN GENERAL.—The Nation’s labor market infor-
10 mation system shall be planned, administered, overseen,
11 and evaluated by a cooperative governance structure in-
12 volving the Federal Government, States, and local entities.

13 “(b) DUTIES.—The Secretary, with respect to data
14 collection, analysis, and dissemination of labor market in-
15 formation, shall carry out the following duties:

16 “(1) Ensure that all statistical and administra-
17 tive data collection activities within the Department
18 of Labor, including the Employment and Training
19 Administration, Veterans’ Employment and Training
20 Service, Employment Standards Administration, and
21 the Occupational Health and Safety Administration,
22 are consistent with those of the Bureau of Labor
23 Statistics.

24 “(2) Assign responsibilities, as appropriate, to
25 agencies such as the Employment and Training Ad-

1 ministration to work with the Bureau of Labor Sta-
2 tistics in the collection, analysis and, particularly, in
3 the dissemination of labor market information, and
4 in the provision of training and technical assistance
5 to users of information, including the States, em-
6 ployers, youth, and adults.

7 “(3) In cooperation with other Federal agen-
8 cies, including the Department of Commerce, De-
9 partment of Defense, Department of the Treasury,
10 Department of Education, Department of Health
11 and Human Services, Department of Agriculture,
12 Department of Veterans’ Affairs, and the Office of
13 Management and Budget, establish and maintain
14 mechanisms for ensuring complementarity and non-
15 duplication in the development and operation of sta-
16 tistical and administrative data collection activities,
17 in order to ensure a comprehensive labor market in-
18 formation system.

19 “(4) Actively seek the participation of other
20 Federal agencies, particularly the National Center
21 for Education Statistics and the Division of Adult
22 and Vocational Education, and the Rehabilitation
23 Services Administration of the Department of Edu-
24 cation, the Veterans’ Employment and Training
25 Service of the Department of Labor and the Depart-

1 ment of Veterans' Affairs with respect to vocational
2 rehabilitation programs in the design and provision
3 of standardized information to the States to support
4 section 22(2), and in the dissemination of labor mar-
5 ket information.

6 “(5) Establish confidentiality standards for the
7 labor market information system at Federal, State,
8 and local levels, including such provisions as may be
9 necessary, to be taken in coordination with the
10 States, to ensure that privacy and confidentiality
11 protections are guaranteed with respect to individ-
12 uals and firm data.

13 “(c) ADDITIONAL DUTIES.—The Secretary, in col-
14 laboration with the Bureau of Labor Statistics, with the
15 assistance of other agencies of the Department where ap-
16 propriate, shall—

17 “(1) establish and maintain, with the coopera-
18 tion of the States, elements of the system described
19 in sections 22(a)(1) and 22(a)(3);

20 “(2) develop and promulgate standards, defini-
21 tions, formats, collection methodologies, and other
22 necessary system elements for the use of the States
23 in their assembling and presentation of the employ-
24 ment information specified in section 22(a)(2);

1 “(3) eliminate gaps and duplication in statis-
2 tical undertakings, with the systemization of wage
3 surveys as an early priority;

4 “(4) recommend any needed improvements in
5 administrative reporting systems to support the de-
6 velopment of labor market information from their
7 data; and

8 “(5) ensure that—

9 “(A) data are sufficiently timely relevant
10 to employers and other users, and locally de-
11 tailed for uses including those specified in sec-
12 tion 22(a)(4);

13 “(B) administrative records are standard-
14 ized to facilitate the aggregation of data from
15 local to State and national levels and to support
16 the creation of new statistical series from pro-
17 gram records; and

18 “(C) paperwork and reporting require-
19 ments on employers and individuals are re-
20 duced.

21 **“SEC. 24. ANNUAL PLAN.**

22 “(a) IN GENERAL.—The Secretary of Labor, in col-
23 laboration with the Bureau of Labor Statistics, and with
24 assistance of other appropriate Federal agencies, shall
25 prepare an annual plan to be the operational mechanism

1 for achieving a cooperative Federal/State governance
2 structure for labor market information and provide the
3 written justification for the Department of Labor's budget
4 request to Congress by describing the activities and prior-
5 ities of the Bureau of Labor Statistics, other offices within
6 the Department of Labor, and other Federal agencies with
7 regard to data collection, analysis, and dissemination of
8 labor market information for fiscal years succeeding the
9 fiscal year in which the plan is developed and shall in-
10 clude—

11 “(1) the results of a periodic review of users’
12 needs and priorities, including the identification of
13 new employment issues and the attendant emergence
14 of new needs, on the part of Congress, the States,
15 employers, youth, and adults, for data, analysis, and
16 dissemination;

17 “(2) an evaluation, including the results of ob-
18 jective measures, of the performance of the labor
19 market information system in meeting these needs
20 and the steps to be taken to overcome deficiencies;

21 “(3) a summary of ongoing data programs and
22 activities under section 22 and a description of the
23 development of new data programs, analytical tech-
24 niques, definitions and standards, dissemination
25 mechanisms, training and technical assistance, gov-

1 ernance mechanisms, and funding processes to meet
2 new needs; and

3 “(4) the results of an annual review of the costs
4 to the States of meeting contract requirements for
5 data production under this title, including a descrip-
6 tion of how the Secretary’s requested budget will
7 cover these costs.

8 “(b) COOPERATION WITH THE STATES.—The Sec-
9 retary and the Bureau of Labor Statistics, in cooperation
10 with the States, shall develop the plan by—

11 “(1) establishing procedures and mechanisms
12 for holding formal and periodic consultations on
13 products and administration of the system, at least
14 once each quarter, with representatives of employers
15 as well as with representatives of the States from
16 each of the 10 Federal regions of the Department of
17 Labor, elected by and from among the State direc-
18 tors of labor market information, according to a
19 process set forth by the Secretary; and

20 “(2) incorporating in the annual plan, for its
21 submission to Congress, the results of these con-
22 sultations, including any supplementary or dissent-
23 ing views from representatives of the States.

24 “(c) REPRESENTATIVES OF STATES DEEMED TO BE
25 FEDERAL EMPLOYEES.—For purposes of the development

1 of the annual plan and to meet the provisions of Office
2 of Management and Budget Circular A-11, the represent-
3 atives of the States, elected in accordance with subsection
4 (b)(1), shall be considered to be employees of the Depart-
5 ment of Labor.

6 **“SEC. 25. GOVERNOR’S RESPONSIBILITIES.**

7 “(a) DESIGNATION OF STATE AGENCY.—The Gov-
8 ernor of each State shall designate a single State agency
9 to be the agency responsible for the management and over-
10 sight of a statewide comprehensive labor market informa-
11 tion system and for the State’s participation in the cooper-
12 ative Federal/State governance structure for the nation-
13 wide labor market information system.

14 “(b) DUTIES.—In order to receive Federal financial
15 assistance under this Act, the State agency shall—

16 “(1) develop, maintain, and continuously im-
17 prove a comprehensive labor market information sys-
18 tem, which shall—

19 “(A) include all the elements specified in
20 section 22; and

21 “(B) be responsive to the needs of the
22 State and its localities for planning and evalua-
23 tive data, including employment and economic
24 analyses and projections, as required by this
25 Act, the Consolidated and Reformed Education,

1 Employment, and Rehabilitation Systems Act,
2 the Social Security Act, and other provisions of
3 law which require the use of labor market infor-
4 mation;

5 “(2) ensure the performance of contract and
6 grant responsibilities for data collection, analysis,
7 and dissemination;

8 “(3) conduct such other data collection, analy-
9 sis, and dissemination activities as will ensure com-
10 prehensive State and local labor market information;

11 “(4) actively seek the participation of other
12 State and local agencies, with particular attention to
13 State education, economic development, human serv-
14 ices, and welfare agencies, in data collection, analy-
15 sis, and dissemination activities in order to ensure
16 complementarity and compatibility among data; and

17 “(5) participate in the development of the na-
18 tional annual plan.”.

19 **Subtitle C—General Provision**

20 **SEC. 141. WORKER RIGHTS.**

21 The following requirements shall apply to programs
22 under titles II and III of this Act:

23 (1) PROHIBITION ON DISPLACEMENT.—A par-
24 ticipant in a program under titles II or III shall not
25 displace any currently employed worker (including a

1 partial displacement, such as a reduction in the
2 hours of non-overtime work, wages, or employment
3 benefits).

4 (2) PROHIBITION ON IMPAIRMENT OF CON-
5 TRACTS.—A program under title II or III shall not
6 impair existing contracts for services or collective
7 bargaining agreements, and no such program that
8 would be inconsistent with the terms of a collective
9 bargaining agreement shall be undertaken without
10 the written concurrence of the labor organization
11 and employer concerned.

12 (3) PROHIBITION ON REPLACEMENT.—A partic-
13 ipant in a program under title II or III shall not be
14 employed—

15 (A) when any other individual is on tem-
16 porary layoff, with the clear possibility of recall,
17 from the same or any substantially equivalent
18 job with the participating employer; or

19 (B) when the employer has terminated the
20 employment of any regular employee or other-
21 wise reduced the workforce of the employer with
22 the intention of filling the vacancy so created
23 with the student.

24 (4) WORKPLACES.—A participant in a program
25 under title II or III shall be provided with adequate

1 and safe equipment and safe and healthful work-
2 places in conformity with all health and safety re-
3 quirements of Federal, State, and local law.

4 (5) EFFECT ON OTHER LAWS.—Nothing in this
5 Act shall be construed to modify or affect any Fed-
6 eral or State law prohibiting discrimination on the
7 basis of race, religion, color, ethnicity, national ori-
8 gin, gender, age, or disability, or to modify or affect
9 any right to enforcement of this Act that may exist
10 under other Federal laws, except as expressly pro-
11 vided by this Act.

12 **SEC. 142. TRANSFERABILITY.**

13 The Governor, through the collaborative process, has
14 the authority to transfer not more than 10 percent of the
15 total allotment to a State under title II or title III of this
16 Act, between such titles. Funds transferred under this au-
17 thority must be distributed to local providers in accord-
18 ance with the provisions of title II and III of this Act.

19 **TITLE II—YOUTH DEVELOPMENT**
20 **AND CAREER PREPARATION**
21 **CONSOLIDATION GRANT**

22 **SEC. 201. PURPOSES.**

23 It is the purpose of this title to provide States and
24 local communities maximum flexibility in designing youth
25 development and career preparation programs that—

1 (1) help youth attain the academic skills and
2 occupational skills needed to be successful in a glob-
3 al economy and for lifelong learning;

4 (2) best suit the needs of in-school and at-risk
5 youth in their communities;

6 (3) promote strong connections between in-
7 school and at-risk programs, to ensure that youth
8 are prepared for further education opportunities and
9 good jobs, and promote youth development and ca-
10 reer preparation programs that provide opportunities
11 for youth to receive postsecondary education and oc-
12 cupational training;

13 (4) promote the formation of education and
14 business partnerships that are dedicated to linking
15 the worlds of school and work; and

16 (5) promote high academic and occupational
17 standards and quality vocational-technical education,
18 including improved secondary and postsecondary
19 programs, by focusing resources on program im-
20 provement initiatives that help prepare youth for
21 further education, training, and high-wage jobs in
22 high-performance workplaces.

23 **SEC. 202. DEFINITIONS.**

24 For purposes of this title:

1 (1) The term “administration” means activities
2 of a State necessary for the proper and efficient per-
3 formance of its duties under this title, including su-
4 pervision, but does not include curriculum develop-
5 ment activities, personnel development, or research
6 activities.

7 (2) The term “all aspects of the industry”
8 means strong experience in, and understanding of,
9 all aspects of the industry that youth are preparing
10 to enter, including planning, management, finances,
11 technical and production skills, underlying principles
12 of technology, labor issues, and health and safety.

13 (3) The term “articulation agreement” means a
14 commitment to a program designed to provide stu-
15 dents with a nonduplicative sequence of progressive
16 coursework in secondary and postsecondary edu-
17 cation.

18 (4) The term “cooperative education” means a
19 method of instruction of education for youth who,
20 through written cooperative arrangements between
21 the school and employers, receive instruction, includ-
22 ing required academic courses and related instruc-
23 tion by alternation of study in school with a job in
24 any occupational field. Such alternation shall be
25 planned and supervised by the school and employers

1 so that each contributes to the youth's education
2 and employability. Work periods and school attend-
3 ance may be on alternate half days, full days, weeks,
4 or other periods of time in fulfilling the cooperative
5 program.

6 (5) The term "corrections vocational education"
7 means programs administered by the State to assist
8 juvenile and adult criminal offenders in correctional
9 institutions in the State, including correctional insti-
10 tutions operated by local authorities.

11 (6) The term "curricula" means instructional
12 and related or supportive material, including mate-
13 rials using advanced learning technology, in any oc-
14 cupational field which is designed to strengthen the
15 academic foundation and prepare youth for employ-
16 ment at the entry level or to upgrade occupational
17 competencies of those previously or presently em-
18 ployed in any occupational field, and appropriate
19 counseling and guidance material.

20 (7) Except as otherwise provided, the term "eli-
21 gible institution" means a local educational agency,
22 an area vocational education school, an intermediate
23 educational agency, an institution of higher edu-
24 cation (as such term is defined in section 1201(a) of
25 the Higher Education Act of 1965), a State correc-

1 tions educational agency, or consortia of such enti-
2 ties.

3 (8) The term “partnership” means a local en-
4 tity that is responsible for local youth development
5 and career preparation programs and may consist of
6 parents, employers, representatives of local edu-
7 cational agencies and local postsecondary edu-
8 cational institutions (including representatives of
9 area vocational education schools, where applicable),
10 local educators (such as teachers, counselors, or ad-
11 ministrators), representative employee organizations,
12 students, and may include other entities.

13 (9) The term “Secretary” means the Secretary
14 of Education.

15 (10) The term “sequential course of study”
16 means an integrated series of courses which are di-
17 rectly related to the educational and occupational
18 skill preparation of youth for jobs, or preparation for
19 postsecondary education.

20 (11) The term “single parent” means an indi-
21 vidual who—

22 (A) is unmarried or legally separated from
23 a spouse; and

1 (B)(i) has a minor child or children for
2 whom the parent has either custody or joint
3 custody; or

4 (ii) is pregnant.

5 (12) The term “special populations” includes
6 individuals with disabilities, economically disadvan-
7 taged individuals, individuals of limited English pro-
8 ficiency, and individuals who are eligible for non-
9 traditional training and employment.

10 (13) The term “tech-prep education program”
11 means a program of study which—

12 (A) combines at least 2 years of secondary
13 and 2 years of postsecondary education in a
14 nonduplicative sequential course of study;

15 (B) integrates academic and vocational in-
16 struction;

17 (C) provides technical preparation in at
18 least 1 field of engineering technology, applied
19 science, mechanical, industrial, or practical arts
20 or trade, or agriculture, health occupations, or
21 business;

22 (D) builds student competence in mathe-
23 matics, science, communications, and workplace
24 skills, through applied academics and integrated
25 instruction in a coherent sequence of courses;

1 (E) leads to an associate degree or certifi-
2 cate in a specific career field;

3 (F) leads to placement in appropriate em-
4 ployment or further education; and

5 (G) enables a student to fulfill a career re-
6 lating to labor market needs.

7 (14) The term “vocational education” means
8 organized educational programs offering a sequence
9 of courses which are directly related to the prepara-
10 tion of youth in paid or unpaid employment in cur-
11 rent or emerging occupations, including
12 nonbaccalaureate certificate and degree programs
13 and baccalaureate vocational degree programs. Such
14 programs include competency-based applied learning
15 which contributes to a youth’s academic knowledge,
16 higher-order reasoning, and problem-solving skills,
17 work attitudes, general employability skills, and the
18 occupational-specific skills necessary for economic
19 independence as a productive and contributing mem-
20 ber of society. Such term also includes applied tech-
21 nology education.

22 (15) The term “vocational student organiza-
23 tions” means those organizations for individuals en-
24 rolled in vocational education programs which en-
25 gage in activities as an integral part of the instruc-

1 tional program. Such organizations may have State
2 and national units which aggregate the work and
3 purposes of instruction in vocational education at
4 the local level.

5 **Subtitle A—State Funding**

6 **SEC. 211. NATIONAL AND STATE FUNDING.**

7 (a) NATIONAL PROGRAMS.—In each fiscal year, of
8 the amounts made available under section 4, the Secretary
9 is authorized to reserve 20 percent or \$25,000,000, which-
10 ever is less, to carry out the provisions of subtitle D.

11 (b) STATE ALLOTMENT.—

12 (1) IN GENERAL.—Of the funds remaining after
13 the reservation under subsection (a), the Secretary
14 shall allot to each State for each fiscal year an
15 amount based on that State's allotment percentage.

16 (2) ALLOTMENT PERCENTAGE.—(A) Except as
17 provided in subparagraph (B), the allotment per-
18 centage of a State for a fiscal year shall be the same
19 percentage of funds allotted to the State under this
20 section in the preceding fiscal year.

21 (B) The allotment percentage of a State for fis-
22 cal year 1996 shall be the percentage of funds allot-
23 ted to the State in fiscal year 1995 under—

24 (i) section 101 or 101A of the Carl D. Per-
25 kins Vocational and Applied Technology Edu-

1 cation Act as such Act was in effect on the day
2 before the date of the enactment of this Act;
3 and

4 (ii) the funding allotted in fiscal year 1995
5 under section 252 and 262 of the Job Training
6 Partnership Act as such Act was in effect on
7 the day before the date of the enactment of this
8 Act.

9 (3) STATE MINIMUM.—Notwithstanding any
10 other provision of law and subject to paragraph (1),
11 any fiscal year for which the amounts appropriated
12 for programs authorized by this title exceed the
13 amounts available under subparagraph (B) for fiscal
14 year 1995, a State shall receive not less than one-
15 quarter of one percent of the amount available for
16 each such program for that fiscal year under this
17 subsection. Amounts necessary for increasing such
18 payments to States to comply with the preceding
19 sentence shall be obtained by ratably reducing the
20 amounts to be paid to other States.

21 (4) DEFINITION.—For the purposes of this sub-
22 section the term “State” means, in addition to the
23 several States, the District of Columbia, the Com-
24 monwealth of Puerto Rico, the Virgin Islands,

1 Guam, American Samoa, and the Northern Mariana
2 Islands.

3 (c) FUNDING FOR STATE PROGRAMS.—Of the funds
4 allotted to a State under subsection (b) for each fiscal
5 year, the Governor, through the collaborative process,
6 shall—

7 (1) make available not less than 90 percent to
8 local providers;

9 (2) make available not more than 8 percent for
10 State programs described in section 222; and

11 (3) make available not more than 2 percent for
12 administrative purposes at the State level.

13 (d) PROVISIO.—None of the funds made available
14 under this title shall be used to compel any youth to pur-
15 sue a specific career. Youth participating in programs
16 under this title shall be eligible to change their course of
17 study and training.

18 **SEC. 212. WITHIN STATE ALLOCATION.**

19 (a) IN GENERAL.—

20 (1) ALLOCATION OF FUNDS.—From the
21 amounts made available pursuant to section
22 211(c)(1), the Governor, through the collaborative
23 process, shall—

24 (A) allocate to eligible institutions an
25 amount equal to not less than 40 percent of

1 such amount for in-school youth programs de-
2 scribed in section 241;

3 (B) allocate to local workforce development
4 boards an amount equal to not less than 40
5 percent of such amount for at-risk youth pro-
6 grams described in section 245.

7 (2) DISCRETIONARY FUNDS.—From the
8 amounts made available pursuant to section
9 211(c)(1), the Governor, through the collaborative
10 process, is authorized to provide 10 percent of such
11 amounts for discretionary purposes, as determined
12 by the Governor, to eligible institutions or local
13 workforce development boards for in-school and at-
14 risk youth.

15 (3) REMAINDER OF FUNDS.—From the remain-
16 der of amounts made available pursuant to section
17 211(c)(1) and distributed pursuant to paragraphs
18 (1) and (2) of this subsection, the Governor, through
19 the collaborative process, shall allocate the remain-
20 der of any such amounts to carry out the purposes
21 of subparagraphs (A) or (B) of paragraph (1).

22 (b) WITHIN STATE FORMULA.—

23 (1) ESTABLISHMENT.—The Governor, through
24 the collaborative process, and after consultation with
25 local chief elected officials in the local workforce de-

1 velopment area and, where appropriate, local edu-
2 cators in such area, shall develop a formula for the
3 allocation of funds in accordance with paragraph (1)
4 of subsection (a). Such formula shall take into ac-
5 count—

6 (A) poverty rates within each local commu-
7 nity, as determined by the State;

8 (B) the proportion of the State's youth
9 population residing within each local commu-
10 nity; and

11 (C) such other factors as considered appro-
12 priate.

13 (2) ADDITIONAL FACTORS.—In establishing
14 such formula, the Governor shall ensure that funds
15 are distributed equitably throughout the State, and
16 that the factors described in paragraph (1) do not
17 receive disproportionate weighting.

18 (c) MINIMUM GRANT AMOUNTS.—

19 (1) LOCAL EDUCATIONAL AGENCIES.—A local
20 educational agency or consortium of such agencies
21 that receives a subgrant from a State under para-
22 graph (1) of subsection (a) for any fiscal year shall
23 receive not less than \$15,000.

24 (2) POSTSECONDARY INSTITUTIONS.—A post-
25 secondary institution or consortium of such institu-

1 tions that receives a subgrant from a State under
2 paragraph (1) of subsection (a) for any fiscal year
3 shall receive not less than \$50,000.

4 (3) LOCAL DEVELOPMENT BOARD.—A local de-
5 velopment board that receives a subgrant from a
6 State under paragraph (1) of subsection (a) for any
7 fiscal year shall receive not less than \$15,000.

8 (4) SECONDARY-POSTSECONDARY CONSOR-
9 TIA.—One or more local educational agencies and
10 one or more eligible institutions may enter into a
11 consortium agreement. A consortium formed pursu-
12 ant to this paragraph that receives a subgrant from
13 a State under this subtitle shall receive not less than
14 \$50,000 in any fiscal year.

15 (d) FUNDS TO CONSORTIUM.—Funds allocated to a
16 consortium formed to meet the requirements of subsection
17 (c) shall be used only for purposes and activities that are
18 mutually beneficial to all members of the consortium. Such
19 funds may not be reallocated to individual members of the
20 consortium for purposes or activities benefiting only one
21 member of the consortium.

22 (e) WAIVER.—The State may waive the application
23 of subsection (c) in any case in which a grant recipient—

24 (1) is located in a rural, sparsely-populated
25 area; and

1 (2) demonstrates an inability to enter into a
2 consortium for purposes of providing services under
3 this title.

4 **Subtitle B—State Organizational,**
5 **Planning, and Reporting Re-**
6 **sponsibilities**

7 **SEC. 221. STATE PLAN.**

8 In addition to the requirements described in title I,
9 a State that desires to receive funds for any fiscal year
10 under this title shall, as part of the State Workforce De-
11 velopment and Literacy Plan under title I, submit to the
12 Secretary of Education information that includes—

13 (1) a description of the State’s plan to develop
14 the academic and occupational skills of youth and
15 provide the attainment of challenging vocational-
16 technical education standards, including industry-ap-
17 proved skill standards and workplace competencies;

18 (2) a description of how the State will improve
19 comprehensive career guidance and counseling which
20 may include linkages to career exploration and guid-
21 ance counseling outside of the school system and
22 shall describe how the State will effectively dem-
23 onstrate the system of career preparation for youth,
24 which includes elements such as professional devel-
25 opment, and secondary-postsecondary collaborations;

1 (3) a description of the strategy of the State for
2 integrating academic, vocational, and work-based
3 learning, including a description of how the State
4 will promote collaboration between secondary and
5 postsecondary occupational and academic programs
6 and institutions and incorporating learning in all as-
7 pects of the industry; and

8 (4) a description of how the State will promote
9 the active involvement of parents and business (in-
10 cluding small- and medium-sized businesses) in the
11 planning, development, and implementation of youth
12 development and career preparation programs au-
13 thorized under this title.

14 **SEC. 222. STATE PROGRAMS AND STATE ACTIVITIES.**

15 (a) GENERAL AUTHORITY.—From amounts made
16 available to a State under section 211(c)(2), each State
17 shall conduct State programs and activities.

18 (b) USES OF FUNDS.—The programs and activities
19 described in subsection (a) may include—

20 (1) an assessment of programs conducted with
21 assistance under this title, including the development
22 of—

23 (A) performance indicators and measures
24 for such programs; and

1 (B) program improvement and accountabil-
2 ity with respect to such programs;

3 (2) the support for tech-prep education;

4 (3) support for workforce preparation programs
5 for single parents, displaced homemakers, and single
6 pregnant women;

7 (4) support for corrections vocational education;

8 (5) professional development activities for voca-
9 tional teachers, academic teachers, school adminis-
10 trators, counselors, workplace mentors, and local
11 providers regarding integration of vocational, aca-
12 demic, and work-based curricula, including—

13 (A) inservice and preservice training of
14 teachers and faculty in state-of-the-art pro-
15 grams and techniques and nontraditional train-
16 ing and employment; and

17 (B) support of public teacher-education
18 programs to ensure vocational teachers stay
19 current with the needs, expectations, and meth-
20 ods of industry to meet employer standards;

21 (6) development, dissemination, and field test-
22 ing of curricula, especially—

23 (A) curricula that integrate vocational,
24 academic, and work-based methodologies;

1 (B) curricula that provide a coherent se-
2 quence of courses through which academic and
3 occupational skills may be measured; and

4 (C) curricula for work-based learning;

5 (7) leadership and instructional programs in
6 technology education;

7 (8) support for cooperative education;

8 (9) support for family and consumer science
9 programs;

10 (10) creative use of technologies, including pro-
11 fessional development in the use of such technologies
12 for instructional purposes and to increase coun-
13 selor's and youth's knowledge of, and use of, addi-
14 tional information resources;

15 (11) support for vocational student organiza-
16 tions; and

17 (12) improving comprehensive career guidance
18 and counseling.

19 **SEC. 223. INCENTIVE AWARDS.**

20 The State, may, from the amount made available
21 under section 211(c)(2) for any fiscal year make perform-
22 ance awards to 1 or more eligible institutions or local pro-
23 viders that have—

24 (1) exceeded in the performance goals described
25 in section 110(f)(3);

1 (2) implemented exemplary youth development
2 and career preparation programs at the local level in
3 accordance with the purposes described in section
4 201; or

5 (3) provided exemplary education services and
6 activities for at-risk youth.

7 **Subtitle C—Subgrants for In-**
8 **School and At-Risk Youth**

9 **SEC. 231. PARTNERSHIP AGREEMENTS.**

10 (a) PARTNERSHIP.—A local workforce development
11 board and eligible institutions that desire to receive a
12 subgrant from a State under this subtitle in any fiscal
13 year shall form a partnership for the purposes of collabo-
14 rative planning, coordination of in-school and at-risk pro-
15 grams, and effective public participation.

16 (b) PLAN.—

17 (1) IN GENERAL.—The partnership referred to
18 in subsection (a) shall, in collaboration, develop and
19 submit for approval to the Governor through the
20 State collaborative process a comprehensive youth
21 development and career preparation plan for in-
22 school and at-risk youth. Such plan shall describe
23 how the youth development and career preparation
24 system meets the requirements of sections 241 and

1 245 and shall address comments received through
2 the collaborative process.

3 (2) COLLABORATIVE PROCESS.—The partner-
4 ship shall assure the involvement of parents, teach-
5 ers, and the community in the collaborative planning
6 process which involves design of the indicators,
7 strategies, articulation, and cooperative agreements,
8 assessments, and evaluation of program activities.

9 (3) DISPUTES.—In the event a partnership can-
10 not come to agreement on the content of local plans,
11 the Governor, through the collaborative process, is
12 authorized to develop procedures for the resolution
13 of issues in dispute.

14 **SEC. 232. DISTRIBUTION OF FUNDS.**

15 (a) IN-SCHOOL PROGRAMS.—Based upon an applica-
16 tion submitted by the partnership to the Governor through
17 the State collaborative process, a State shall distribute
18 funds made available in a fiscal year as provided in section
19 212(a)(1)(A) to eligible institutions to carry out in-school
20 youth programs described in section 241.

21 (b) AT-RISK YOUTH PROGRAMS.—A State shall dis-
22 tribute funds made available in any fiscal year as provided
23 in section 212(a)(1)(B) to local workforce development
24 boards to carry out at-risk youth programs described in
25 section 245.

1 **CHAPTER 1—IN-SCHOOL YOUTH**

2 **SEC. 241. USES OF FUNDS FOR IN-SCHOOL YOUTH.**

3 (a) GENERAL AUTHORITY.—Each eligible institution
4 that receives a subgrant under this chapter shall use funds
5 provided under such grant to improve youth development
6 and career preparation programs.

7 (b) REQUIREMENTS FOR USES OF FUNDS.—Funds
8 provided by a State pursuant to section 212(a)(1)(A) shall
9 be used to provide in-school youth development and career
10 preparation programs that—

11 (1) are of such size, scope, and quality as to be
12 effective;

13 (2) integrate academic, vocational, and work-
14 based learning, stressing applied and contextual
15 learning, through a coherent sequence of courses so
16 that youth achieve both academic and occupational
17 competencies and have strong experience in, and un-
18 derstanding of, all aspects of the industry;

19 (3) involve employers in the design and imple-
20 mentation of programs;

21 (4) establish effective linkages with at-risk
22 youth programs, secondary and postsecondary edu-
23 cation;

24 (5) provide work-based learning experiences
25 with adult mentoring where appropriate; and

1 (6) provide comprehensive career guidance and
2 counseling, including exploration in the practical
3 arts or trade.

4 (c) ADDITIONAL USES OF FUNDS.—In carrying out
5 the provisions of subsection (b), funds may be used by an
6 eligible institution for in-school youth activities such as—

7 (1) purchasing, leasing, or upgrading of equip-
8 ment, including instructional aids and material;

9 (2) inservice training of vocational instructors,
10 academic instructors, employers, and workplace
11 mentors, to integrate academic and vocational edu-
12 cation, and provide high-quality school-based and
13 work-based learning experiences;

14 (3) tech-prep education programs;

15 (4) supplementary services designed to meet the
16 needs of special populations;

17 (5) adaptation of equipment;

18 (6) apprenticeship programs;

19 (7) comprehensive mentoring programs in insti-
20 tutions of higher education offering comprehensive
21 programs in teacher preparation which seek to fully
22 use the skills and work experiences of individuals
23 currently or formerly employed in business and in-
24 dustry, who are interested in becoming classroom in-
25 structors, and to meet the need of vocational edu-

1 cators who wish to upgrade their teaching com-
2 petencies;

3 (8) local education and business partnerships
4 for developing and implementing school-based youth
5 development and career preparation systems;

6 (9) support for vocational student organiza-
7 tions;

8 (10) establishing effective activities and proce-
9 dures to enable program participants and their par-
10 ents to participate directly in decisions that influ-
11 ence the character of programs, including providing
12 information and assistance needed for informed and
13 effective participation; and

14 (11) support for programs which prepare youth
15 with skills for personal and family life management,
16 work, and leadership in the community and the Na-
17 tion.

18 **CHAPTER 2—AT-RISK YOUTH**

19 **SEC. 245. USES OF FUNDS FOR AT-RISK YOUTH.**

20 (a) GENERAL AUTHORITY.—Each local workforce de-
21 velopment board that receives a subgrant under this chap-
22 ter shall use funds provided under such grant to improve
23 youth development and career preparation programs.

24 (b) REQUIREMENTS FOR USES OF FUNDS.—Funds
25 provided by a State pursuant to section 212(1)(B) shall

1 be used to provide youth development and career prepara-
2 tion programs for at-risk youth that—

3 (1) are of such size, scope, and quality as to be
4 effective;

5 (2) integrate academic, vocational, and work-
6 based learning, stressing applied and contextual
7 learning, through a coherent sequence of courses so
8 that in-school and at-risk youth achieve both aca-
9 demic and occupational competencies;

10 (3) involve employers in the design and imple-
11 mentation of programs;

12 (4) establish effective linkages with in-school
13 youth programs, and secondary and postsecondary
14 education;

15 (5) provide work-based learning experiences, in-
16 cluding experiences in the practical arts or trade, if
17 applicable;

18 (6) provide adult mentoring as a core compo-
19 nent of the program;

20 (7) provide an objective assessment of the aca-
21 demic level, skill level, and service needs of each par-
22 ticipant; and

23 (8) provide comprehensive career guidance and
24 counseling.

1 (c) ADDITIONAL USES OF FUNDS.—In carrying out
2 the provisions of subsection (b), providers of at-risk youth
3 programs, as selected by the local workforce development
4 board, may provide activities such as—

5 (1) tutoring, study skills training and instruc-
6 tion leading to completion of high school;

7 (2) alternative high school services;

8 (3) training or education that is combined with
9 community service, and service learning opportuni-
10 ties;

11 (4) paid and unpaid work experience, including
12 limited internships, entry-employment experience
13 programs, and summer employment opportunities,
14 that are integrated with year-round, school-based, or
15 alternative school-based programs;

16 (5) dropout prevention strategies, strategies to
17 encourage at-risk youth to reenter high school or al-
18 ternative high school programs, and programs that
19 encourage pregnant and parenting youth to stay in
20 school;

21 (6) preemployment and work maturity skills
22 training;

23 (7) peer-centered activities encouraging respon-
24 sibility and other positive social behaviors during
25 non-school hours; and

1 (8) training-related supportive services.

2 (d) LIMITATIONS ON USE OF FUNDS.—Not more
3 than 10 percent of the funds provided under this chapter
4 to a local workforce development board may be used for
5 administrative purposes.

6 **SEC. 246. AT-RISK YOUTH PROVIDERS.**

7 (a) ROLE OF LOCAL WORKFORCE DEVELOPMENT
8 BOARD.—A local workforce development board that re-
9 ceives funds under this chapter shall not operate pro-
10 grams, but shall contract with eligible providers of dem-
11 onstrated effectiveness, or with eligible providers utilizing
12 service methodologies with demonstrated effectiveness in
13 serving the youth development and career preparation
14 needs of at-risk youth, for the purpose of providing serv-
15 ices under this chapter.

16 (b) ELIGIBLE PROVIDERS.—For purposes of this
17 chapter, eligible providers may include—

18 (1) an “eligible institution” as defined under
19 section 202(7);

20 (2) a unit of local government;

21 (3) a private, nonprofit organization (including
22 community-based organizations);

23 (4) a private, for profit entity; or

1 (5) other organizations or entities of dem-
2 onstrated effectiveness and approved by the local
3 workforce development board.

4 **Subtitle D—National Programs**

5 **SEC. 251. RESEARCH ACTIVITIES.**

6 (a) GENERAL AUTHORITY.—

7 (1) IN GENERAL.—In order to carry out the
8 purpose of this title, the Secretary may, directly or
9 through grants, contracts, or cooperative agree-
10 ments, carry out research, development, dissemina-
11 tion, replication of model programs, demonstration
12 programs, evaluation, capacity-building, and tech-
13 nical assistance activities with regard to the services
14 and activities carried out under this title.

15 (2) INFORMATION SYSTEMS.—Activities carried
16 out under this section may include support for occu-
17 pational and career information systems.

18 (b) DISSEMINATION.—The Secretary shall establish
19 a system for disseminating information resulting from re-
20 search and development activities carried out under this
21 title.

1 **SEC. 252. ASSESSMENT AND DATA COLLECTION OF YOUTH**
2 **DEVELOPMENT AND CAREER PREPARATION**
3 **PROGRAMS.**

4 (a) IN GENERAL.—The Secretary, through the Office
5 of Educational Research and Improvement, shall conduct
6 a biennial assessment of services and activities assisted
7 under this title, through studies and analyses conducted
8 independently through competitive awards.

9 (b) CONTENTS.—The assessment required under sub-
10 section (a) shall examine the extent to which services and
11 activities assisted under this title have achieved their in-
12 tended purposes and results, including the extent to
13 which—

14 (1) State and local services and activities have
15 developed, implemented, or improved youth develop-
16 ment and career preparation systems established
17 under this title;

18 (2) services and activities assisted under this
19 title succeed in preparing youth, including youth
20 who are members of special populations, for post-
21 secondary education, further learning, or entry into
22 high-skill, high-wage careers;

23 (3) youth who participate in services and activi-
24 ties supported under this title succeed in meeting
25 challenging State academic and industry-based skill
26 standards; and

1 (4) the system improvement, participation, local
2 and State assessment, and accountability provisions
3 of this title, including the performance goals and in-
4 dicators established under section 110(f)(3), are ef-
5 fective.

6 **SEC. 253. NATIONAL CENTER OR CENTERS FOR RESEARCH.**

7 (a) GENERAL AUTHORITY.—

8 (1) NATIONAL CENTER.—The Secretary may,
9 through a grant or contract, establish one or more
10 national centers for conducting applied research, de-
11 velopment, dissemination, and technical assistance
12 activities which would focus on improving the devel-
13 opment and career preparation of youth. The Sec-
14 retary shall consult with States prior to establishing
15 one or more such centers.

16 (2) ELIGIBILITY.—Entities eligible to receive
17 funds under this section are institutions of higher
18 education, other public or private nonprofit organi-
19 zations or agencies, and consortia of such institu-
20 tions, organizations, or agencies.

21 (3) PREVIOUS CENTER.—The national center in
22 existence on the day before the date of the enact-
23 ment of the this Act shall continue to receive assist-
24 ance under this section in accordance with the terms
25 of its current award.

1 (b) ACTIVITIES.—

2 (1) IN GENERAL.—The applied research, devel-
3 opment, dissemination, and technical assistance ac-
4 tivities carried out by the national center or centers
5 shall include—

6 (A) activities that assist recipients of funds
7 under this title to meet the requirements of sec-
8 tion 110(f)(3);

9 (B) research and development of activities
10 that combine academic, vocational-technical
11 education, and work-based learning;

12 (C) developing new models for remediation
13 of basic academic skills which incorporate ap-
14 propriate instructional methods;

15 (D) identifying ways to establish effective
16 linkages among educational and job training ac-
17 tivities at the State and local levels;

18 (E) new models for comprehensive career
19 guidance and counseling;

20 (F) studies providing longitudinal informa-
21 tion or formative evaluation on programs fund-
22 ed under this title, including an analysis of the
23 effectiveness of youth development and career
24 preparation programs in serving at-risk youth;
25 and

1 (G) such other activities as the Secretary
2 determines to be appropriate to achieve the pur-
3 poses of this Act.

4 (2) DUTIES.—The center or centers shall—

5 (A) provide assistance to States and local
6 recipients in developing and using systems of
7 performance measures and indicators for im-
8 provement of youth development and career
9 preparation programs and services; and

10 (B) provide technical assistance and out-
11 reach.

12 (3) SUMMARY.—The center or centers conduct-
13 ing the activities described in paragraph (1) shall
14 annually prepare a summary of key research find-
15 ings of such center or centers and shall submit cop-
16 ies of the summary to the Secretaries of Education
17 and Labor. The Secretary shall submit that sum-
18 mary to the Committee on Labor and Human Re-
19 sources of the Senate, and the Committee on Eco-
20 nomic and Educational Opportunities of the House
21 of Representatives.

22 (c) CLEARINGHOUSE.—The center or centers shall
23 maintain a clearinghouse that will provide data and infor-
24 mation to Federal, State, and local organizations and
25 agencies about the condition of youth development and ca-

1 reer preparation systems and programs funded under this
2 title.

3 **TITLE III—ADULT EMPLOYMENT**
4 **AND TRAINING CONSOLIDA-**
5 **TION GRANT**

6 **SEC. 301. PURPOSE.**

7 The purpose of this title is to establish an efficient,
8 high-quality, and equitable system of employment, job
9 training, and related assistance designed to facilitate the
10 transition of adults into productive, high skills, private
11 sector employment.

12 **Subtitle A—Adult Employment and**
13 **Training Consolidation Grant**

14 **SEC. 311. AUTHORIZATION.**

15 (a) IN GENERAL.—In the case of each State that in
16 accordance with the requirements of section 102 submits
17 to the Secretary of Labor (hereinafter in this title referred
18 to as the “Secretary”) a State workforce development and
19 literacy plan under section 104, the Secretary shall pro-
20 vide a grant to the State for the purpose of providing em-
21 ployment, job training, and related assistance for adults
22 in the State.

23 (b) AMOUNT.—The grant shall consist of the allot-
24 ment determined for the State under section 312.

1 **SEC. 312. ALLOTMENT AMONG STATES.**

2 (a) IN GENERAL.—Of the amount appropriated pur-
3 suant to section 4(a)(2) to carry out this title for a fiscal
4 year, the Secretary shall—

5 (1) allot 85 percent of such amounts in accord-
6 ance with subsection (b); and

7 (2) reserve 15 percent for use under subtitle B.

8 (b) ALLOTMENT AMONG STATES.—

9 (1) RESERVATION FOR THE TERRITORIES.—Of
10 the amount allotted under subsection (a)(1), the
11 Secretary shall allot not more than one quarter of
12 one percent among the Commonwealth of the North-
13 ern Mariana Islands, American Samoa, Guam, and
14 the Virgin Islands.

15 (2) STATES.—After determining the amount to
16 be allotted under paragraph (1), the Secretary shall
17 allot the remaining amount to the remaining States
18 so that each State receives an amount that bears the
19 same proportion to such remaining amount as—

20 (A) the amount allotted to each such State
21 from allotments under sections 202 and 302 of
22 the Job Training Partnership Act (29 U.S.C.
23 1602 and 1652) (as in effect before the date of
24 the enactment of this Act) for fiscal year 1995;
25 bears to

1 (B) the aggregate of the amounts allotted
2 to all such States from allotments under such
3 sections for such fiscal year.

4 (c) MINIMUM ALLOTMENT.—No State shall receive
5 less than one-quarter of one percent of the amount avail-
6 able under this title for a fiscal year. Amounts necessary
7 for increasing such payments to States to comply with the
8 preceding sentence shall be obtained by ratably reducing
9 the amounts to be paid to other States.

10 **SEC. 313. ALLOCATION WITHIN STATES.**

11 (a) RESERVATIONS FOR STATE ACTIVITIES.—

12 (1) IN GENERAL.—The Governor of the State
13 shall reserve not more than 20 percent of the
14 amount allotted to the State under section 312(b)
15 for a fiscal year for statewide activities for employ-
16 ment, job training, and related assistance for adults.

17 (2) MANDATORY ACTIVITIES.—Such activities
18 shall include—

19 (A) rapid response activities; and

20 (B) additional assistance to areas that ex-
21 perience disasters, mass layoffs or plant clos-
22 ings, or other events which precipitate substan-
23 tial increases in the number of unemployed
24 workers, to be expended in accordance with the

1 local plan of the relevant workforce development
2 area.

3 (3) DISCRETIONARY ACTIVITIES.—

4 (A) IN GENERAL.—Such activities may in-
5 clude—

6 (i) subject to subparagraph (B), ad-
7 ministration by the State of programs
8 under this subtitle;

9 (ii) capacity building and technical as-
10 sistance to local workforce development
11 areas, integrated career center systems,
12 and service providers, including the devel-
13 opment and training of staff and the devel-
14 opment of exemplary program activities;

15 (iii) incentives for program coordina-
16 tion, performance awards, and research
17 and demonstrations;

18 (iv) implementation of innovative in-
19 cumbent worker training programs, which
20 may include the establishment and imple-
21 mentation of an employer loan program to
22 assist in skills upgrading (in accordance
23 with the requirements of section 324);

24 (v) implementation of experimen-
25 tation, model activities, pilot projects, and

1 demonstration projects which further the
2 goals and purposes of this Act;

3 (vi) additional assistance for the de-
4 velopment and implementation of the inte-
5 grated career center system of the State
6 established in accordance with title I; and

7 (vii) support for a common manage-
8 ment information system as described in
9 section 109.

10 (B) LIMITATION.—Not more than 25 per-
11 cent of the amount reserved by the Governor
12 under paragraph (1) may be used for adminis-
13 tration by the State of programs under this
14 subtitle.

15 (b) WITHIN STATE ALLOCATION.—

16 (1) IN GENERAL.—The Governor of the State
17 shall allocate the remainder of the amount allotted
18 to the State under section 312(b) to workforce devel-
19 opment areas designated under title I of this Act, in
20 accordance with paragraphs (1) and (2) of such sec-
21 tion, for the purpose of providing employment, job
22 training, and related services for adults in accord-
23 ance with section 315.

24 (2) WITHIN STATE FORMULA.—

1 (A) ESTABLISHMENT.—The Governor,
2 through the collaborative process under section
3 103 of this Act, and after consultation with
4 local chief elected officials in the local workforce
5 development area, shall develop a formula for
6 the allocation of 90 percent of the remainder of
7 funds described in paragraph (1), to workforce
8 development areas, taking into account—

9 (i) poverty rates within each local
10 workforce development area, as determined
11 by the State;

12 (ii) unemployment rates within each
13 local workforce development area;

14 (iii) the proportion of the State's
15 adult population residing within each local
16 workforce development area; and

17 (iv) such other factors as considered
18 appropriate.

19 (B) ADDITIONAL FACTORS.—In establish-
20 ing such formula, the Governor shall ensure
21 that funds are distributed equitably throughout
22 the State, and that the factors described in sub-
23 paragraph (A) do not receive disproportionate
24 weighting.

1 (3) WITHIN STATE DISCRETIONARY ALLOCA-
2 TION.—In addition, the Governor is authorized to al-
3 locate 10 percent of the remainder of funds de-
4 scribed in paragraph (1) to workforce development
5 areas designated under title I of this Act. Amounts
6 may be allocated to such areas as determined by the
7 Governor.

8 **SEC. 314. ADDITIONAL STATE PLAN REQUIREMENTS.**

9 The State shall, as part of the State workforce devel-
10 opment and literacy plan under title I of this Act, submit
11 to the Secretary the following additional information:

12 (1) A description of how the State will serve the
13 employment and training needs of dislocated work-
14 ers, economically disadvantaged individuals, older
15 workers, individuals with disabilities, displaced
16 homemakers, veterans, and individuals with multiple
17 barriers to employment (as determined by the
18 State), including individuals who are basic skills de-
19 ficient.

20 (2) A description of how the State will provide
21 rapid response assistance to workers experiencing
22 dislocation as a result of mass layoffs and plant clos-
23 ings, either through the direct provision of services
24 or through the transfer of funds to local workforce
25 development areas for the provision of such services.

1 **SEC. 315. USE OF AMOUNTS.**

2 (a) CORE SERVICES.—Amounts allocated under sec-
3 tion 313(b) shall be used to provide core services to adults
4 through integrated career center systems in accordance
5 with title I of this Act.

6 (b) INTENSIVE SERVICES.—

7 (1) IN GENERAL.—Amounts allocated under
8 section 313(b) shall be used to provide intensive
9 services to adults—

10 (A) who are unable to obtain employment
11 through core services under subsection (a); and

12 (B) who have been determined to be in
13 need of more intensive services in order to gain
14 employment.

15 (2) DELIVERY OF SERVICES.—Such intensive
16 services shall be provided—

17 (A) directly through integrated career cen-
18 ter systems in accordance with title I of this
19 Act; or

20 (B) through contracts through such sys-
21 tems with service providers approved by the
22 local workforce development board, which may
23 include private, for-profit providers.

24 (3) TYPES OF SERVICES.—Such intensive serv-
25 ices may include the following:

1 (A) Comprehensive and specialized assess-
2 ments of the skill levels and service needs of
3 adults, which may include—

4 (i) diagnostic testing and other assess-
5 ment tools; and

6 (ii) in-depth interviewing and evalua-
7 tion to identify employment barriers and
8 appropriate employment goals.

9 (B) Development of an individual employ-
10 ment plan, to identify the employment goals,
11 appropriate achievement objectives, and the ap-
12 propriate combination of services for the adult
13 to achieve the employment goal.

14 (C) Group counseling.

15 (D) Individual counseling and career plan-
16 ning.

17 (E) Case management for adults receiving
18 education and training services under sub-
19 section (c) or supportive services under sub-
20 section (d).

21 (F) Follow-up counseling for adults placed
22 in training or employment, for up to 1 year.

23 (c) EDUCATION AND TRAINING SERVICES.—

1 (1) IN GENERAL.—Amounts allocated under
2 section 313(b) shall be used to provide education
3 and training services to adults—

4 (A) who are unable to obtain employment
5 through core services under subsection (a);

6 (B) who are in need of education and
7 training services in order to gain employment
8 as a result of determinations made through—

9 (i) preliminary assessments under sec-
10 tion 107(f)(1)(B) of this Act; or

11 (ii) comprehensive and specialized as-
12 sessments under subsection (b)(3)(A); and

13 (C) who are unable to obtain other grant
14 assistance for such services, such as through
15 Federal Pell Grants established under title IV
16 of the Higher Education Act of 1965.

17 (2) DELIVERY OF SERVICES.—Such education
18 and training services shall be provided through edu-
19 cation and training providers certified in accordance
20 with title I of this Act.

21 (3) TYPES OF SERVICES.—Such education and
22 training services may include the following:

23 (A) Basic skills training, including reme-
24 dial education, literacy training, and English
25 literacy program instruction.

1 (B) Occupational skills training, including
2 training for nontraditional employment.

3 (C) On-the-job training.

4 (D) Programs that combine workplace
5 training with related instruction.

6 (E) Training programs operated by the
7 private sector.

8 (F) Skill upgrading and retraining.

9 (G) Entrepreneurial training.

10 (H) Employability training to enhance
11 basic workplace competencies.

12 (I) Customized training conducted with a
13 commitment by an employer or group of em-
14 ployers to employ an individual upon successful
15 completion of the training.

16 (4) ADDITIONAL REQUIREMENTS.—

17 (A) USE OF CAREER GRANTS.—

18 (i) IN GENERAL.—Except as provided
19 in clause (ii) and clause (iii), education
20 and training services under this section
21 shall be provided through the use of career
22 grants in accordance with this subsection,
23 and shall be distributed to eligible individ-
24 uals through integrated career centers or
25 affiliated sites as described in section 107,

1 and in accordance with section 108 regard-
2 ing the identification of eligible education
3 and training providers.

4 (ii) EXCEPTIONS.—Education and
5 training services authorized under this title
6 may be provided pursuant to a contract for
7 services in lieu of a career grant if—

8 (I) such services are on-the-job
9 training provided by an employer;

10 (II) the local workforce develop-
11 ment board determines there are an
12 insufficient number of certified pro-
13 viders of education and training serv-
14 ices in the workforce development
15 area to accomplish the purposes of a
16 career grant system;

17 (III) the local workforce develop-
18 ment board determines that the cer-
19 tified providers of education and
20 training in the workforce development
21 area are unable to provide effective
22 services to special participant popu-
23 lations; or

24 (IV) the local workforce develop-
25 ment board decides to enter into a di-

1 rect training contract with a commu-
2 nity based organization serving special
3 participant populations.

4 (iii) TRANSITION.—States may have
5 up to three years from the date of enact-
6 ment of this Act to fully implement the re-
7 quirements of clause (i), but nothing shall
8 prohibit states from beginning such imple-
9 mentation at an earlier date.

10 (B) LINKAGE TO OCCUPATIONS IN DE-
11 MAND.—Education and training services under
12 this subsection shall be directly linked to occu-
13 pations for which there is a demand in the local
14 workforce development area, or in another area
15 to which an adult receiving such services is will-
16 ing to relocate.

17 (d) ADDITIONAL SERVICES.—

18 (1) SUPPORTIVE SERVICES.—Supportive serv-
19 ices may be provided for individuals—

20 (A) who are receiving assistance under any
21 of subsections (a) through (c); and

22 (B) who are unable to receive such services
23 through other programs providing such services.

24 (2) NEEDS-RELATED PAYMENTS.—

1 (A) IN GENERAL.—Amounts allocated
2 under section 313(b) may be used to provide
3 needs-related payments to adults who are un-
4 employed and do not qualify for (or have ceased
5 to qualify for) unemployment compensation for
6 the purpose of enabling such adults to partici-
7 pate in education and training programs under
8 subsection (c).

9 (B) ADDITIONAL ELIGIBILITY REQUIRE-
10 MENTS.—In addition to the requirements con-
11 tained in subparagraph (A), a dislocated worker
12 who has exhausted unemployment insurance
13 benefits may be eligible to receive needs-related
14 payments under this paragraph only if such
15 worker was enrolled in education or training by
16 the end of the 8th week of the worker's initial
17 unemployment compensation benefit period, or,
18 if later, by the end of the 8th week after the
19 worker is informed that a short-term layoff will
20 in fact exceed 6 months.

21 (e) PRIORITY.—Local workforce development boards
22 shall establish a process through which priority is given
23 to dislocated workers and economically disadvantaged in-
24 dividuals, for receipt of services provided under sub-

1 sections (b) and (c), in the event that funds are limited
2 within the workforce development area.

3 (f) PROHIBITION ON PRIVATE RIGHT OF ACTION.—
4 Nothing in this section may be construed to establish a
5 right for a participant to bring an action to obtain services
6 under a program established under this section.

7 (g) LIMITATIONS ON USE OF FUNDS.—Not more
8 than 10 percent of the funds provided under this title to
9 a local workforce development board may be used for ad-
10 ministrative purposes.

11 **Subtitle B—Federal Programs**

12 **SEC. 321. NATIONAL DISCRETIONARY GRANTS.**

13 (a) GRANTS FOR DISLOCATED WORKERS.—

14 (1) IN GENERAL.—From amounts reserved
15 under section 312(a)(2) for any fiscal year, the Sec-
16 retary is authorized to award national discretionary
17 grants to address major economic dislocations that
18 result from plant closures, base closures, or mass
19 layoffs.

20 (2) APPLICATION.—To receive a grant under
21 this section, an eligible entity shall submit an appli-
22 cation to the Secretary at such time, in such man-
23 ner, and accompanied by such information as the
24 Secretary determines is appropriate.

1 (3) ELIGIBLE ENTITIES.—Grants under this
2 section may be awarded to—

3 (A) the State;

4 (B) a local workforce development board
5 administering assistance under this Act;

6 (C) employers and employer associations;

7 (D) worker-management transition assist-
8 ance committees and other employer-employee
9 entities;

10 (E) representatives of employees;

11 (F) community development corporations
12 and community-based organizations; and

13 (G) industry consortia.

14 (b) INCENTIVE GRANTS.—From amounts reserved
15 under section 312(a)(2) for any fiscal year, the Secretary
16 may provide awards to States—

17 (1) to assist in the implementation of exemplary
18 statewide workforce development system designs;
19 and

20 (2) for the achievement of exceptional perform-
21 ance in the statewide workforce development system.

22 **SEC. 322. DISASTER RELIEF EMPLOYMENT ASSISTANCE.**

23 (a) IN GENERAL.—From amounts reserved under
24 section 312(a)(2) for any fiscal year, the Secretary may
25 provide assistance to the Governor of any State within

1 which is located an area that has suffered an emergency
2 or a major disaster as defined in paragraphs (1) and (2),
3 respectively, of section 102 of the Robert T. Stafford Dis-
4 aster Relief and Emergency Assistance Act (referred to
5 in this section as the “disaster area”).

6 (b) USE OF FUNDS.—

7 (1) PROJECTS RESTRICTED TO DISASTER
8 AREAS.—Funds made available under this section—

9 (A) shall be used exclusively to provide em-
10 ployment on projects to provide food, clothing,
11 shelter, and other humanitarian assistance for
12 disaster victims and on projects regarding dem-
13 olition, cleanup, repair, renovation, and recon-
14 struction of damaged and destroyed structures,
15 facilities, and lands located within the disaster
16 area; and

17 (B) may be expended through public and
18 private agencies and organizations engaged in
19 such projects.

20 (2) ELIGIBILITY REQUIREMENTS.—An individ-
21 ual shall be eligible to be offered disaster employ-
22 ment under this section if such individual is a dis-
23 located worker or is temporarily or permanently laid
24 off as a consequence of the disaster.

1 (3) LIMITATIONS ON DISASTER RELIEF EM-
2 PLOYMENT.—No individual shall be employed under
3 this part for more than 6 months for work related
4 to recovery from a single natural disaster.

5 **SEC. 323. RESEARCH, DEMONSTRATION, EVALUATION, AND**
6 **CAPACITY BUILDING.**

7 (a) IN GENERAL.—From amounts reserved under
8 section 312(a)(2) for any fiscal year, the Secretary is au-
9 thorized to establish and carry out research, demonstra-
10 tion, and capacity building activities in accordance with
11 this section.

12 (b) ACTIVITIES.—The Secretary is authorized to
13 carry out the following activities under this section:

14 (1) RESEARCH.—The Secretary is authorized to
15 conduct continuing research, which may include
16 studies and other methods and techniques, that will
17 aid in the solution of the employment and training
18 problems of the United States. Such studies may in-
19 clude the extent to which individuals who participate
20 in programs established under this title achieve self-
21 sufficiency as a result of such participation, includ-
22 ing the identification by State and locality, to the ex-
23 tent practicable, of indicators measuring such self-
24 sufficiency.

1 (2) DEMONSTRATIONS.—The Secretary is au-
2 thorized to conduct pilot and demonstration projects
3 for the purpose of developing and improving meth-
4 ods and techniques for addressing employment and
5 training needs which may include—

6 (A) projects conducted jointly with the De-
7 partment of Defense to develop training pro-
8 grams utilizing computer-based and other inno-
9 vative learning technologies. The Secretary may
10 award grants and enter into contracts with ap-
11 propriate entities to carry out such projects;
12 and

13 (B) Projects which promote the use of dis-
14 tance learning, enabling students to take
15 courses through the use of technology such as
16 videos teleconferencing, computers, and the
17 internet.

18 (3) EVALUATION.—

19 (A) ACTIVITIES.—

20 (i) JOB TRAINING ACTIVITIES.—The
21 Secretary shall provide for the continuing
22 evaluation of activities conducted under
23 this Act, including the use of controlled ex-
24 periments using experimental and control
25 groups chosen by scientific random assign-

1 ment, and at a minimum, determine
2 whether job training and job placement
3 programs effectively raise the hourly wage
4 rates of individuals receiving training
5 through such programs.

6 (ii) OTHER PROGRAMS.—The Sec-
7 retary may conduct evaluations of other
8 federally funded employment-related activi-
9 ties including programs administered
10 under—

11 (I) the Wagner-Peyser Act (29
12 U.S.C. 49 et seq.);

13 (II) the National Apprenticeship
14 Act (29 U.S.C. 50 et seq.);

15 (III) the Older Americans Act of
16 1965 (42 U.S.C. 3001 et seq.); and

17 (IV) the Federal unemployment
18 insurance program under titles III,
19 IX, and XII of the Social Security Act
20 (42 U.S.C. 501 et seq., 1101 et seq.,
21 and 1321 et seq.).

22 (B) EFFECTIVENESS.—The Secretary shall
23 evaluate the effectiveness of programs author-
24 ized under this Act with respect to—

25 (i) the statutory goals;

1 (ii) the performance standards estab-
2 lished by the Secretary; and

3 (iii) the extent to which such pro-
4 grams enhance the employment and earn-
5 ings of participants, reduce income support
6 costs, improve the employment com-
7 petencies of participants in comparison to
8 comparable persons who did not partici-
9 pate in such programs, and to the extent
10 feasible, increase the level of total employ-
11 ment over the level that would have existed
12 in the absence of such programs.

13 (4) NATIONAL PARTNERSHIP AND SPECIAL
14 TRAINING.—The Secretary may award special grants
15 to eligible entities to carry out activities that are
16 most appropriately administered at the national
17 level. Such activities may include—

18 (A) partnerships with national organiza-
19 tions with special expertise in developing, orga-
20 nizing, and administering employment and
21 training services at the national, State, and
22 local levels, such as industry and labor associa-
23 tions, public interests groups, community-based
24 organizations representative of groups that en-

1 counter special difficulties in the labor market,
2 in education and training; and

3 (B) activities that—

4 (i) address industry-wide skill short-
5 ages;

6 (ii) meet training needs that are best
7 addressed on a multistate basis;

8 (iii) further the goals of increasing the
9 competitiveness of the United States labor
10 force;

11 (iv) require technical expertise avail-
12 able at the national level to serve the needs
13 of particular client groups that encounter
14 significant barriers to employment and who
15 the Secretary determines require special
16 assistance; and

17 (v) promote and experiment with
18 model activities, pilot projects, and dem-
19 onstration projects which further the goals
20 and purposes of this Act.

21 (5) CAPACITY BUILDING AND TECHNICAL AS-
22 SISTANCE.—

23 (A) IN GENERAL.—The Secretary shall
24 provide, through grants, contracts, or other ar-
25 rangements, staff training and technical assist-

1 ance to States, local workforce development
2 boards, career centers, communities, business
3 and labor organizations, service providers, in-
4 dustry consortia, and other entities, to enhance
5 their capacity to develop and deliver effective
6 employment and training services.

7 (B) ACTIVITIES.—The staff training and
8 technical assistance authorized under subpara-
9 graph (A) may include—

10 (i) development of management infor-
11 mation systems;

12 (ii) development and maintenance of a
13 national capacity building, information and
14 dissemination network; and

15 (iii) grants for the replication of suc-
16 cessful employment and training models
17 and activities.

18 **SEC. 324. WORKFORCE SKILLS AND DEVELOPMENT LOANS.**

19 (a) AUTHORIZATION.—

20 (1) IN GENERAL.—From amounts reserved
21 under section 312(a)(2) for any fiscal year, the Sec-
22 retary of Labor may use a portion of such amounts
23 to provide grants to States to provide loans to eligi-
24 ble entities described in paragraph (2) to assist such
25 entities in providing skills upgrading.

1 (2) ELIGIBLE ENTITIES.—An eligible entity de-
2 scribed in this paragraph is—

3 (A) an employer;

4 (B) a representative of employees;

5 (C) a business association;

6 (D) a trade organization; or

7 (E) a consortium consisting of—

8 (i) more than 1 of the entities de-
9 scribed in subparagraphs (A) through (D);
10 or

11 (ii) an institution of higher education
12 (as such term is defined in section 481 of
13 the Higher Education Act of 1965 (20
14 U.S.C. 1088) which continues to meet the
15 eligibility and certification requirements
16 under section 498 of such Act) and 1 or
17 more of the entities described in subpara-
18 graphs (A) through (D).

19 (b) APPLICATION.—The Secretary may provide a
20 grant to a State under subsection (a) only if such State
21 submits to the Secretary an application which contains
22 such information as the Secretary may reasonably require.

23 (c) USE OF AMOUNTS.—A State shall use amounts
24 received from a grant under subsection (a) to establish
25 a loan guarantee program to assist eligible entities de-

1 scribed in paragraph (2) of such subsection to provide
2 skills upgrading. In carrying out such program, the State
3 shall meet the following requirements:

4 (1) ESTABLISHMENT OF RESERVE FUND FOR
5 LOAN GUARANTEES.—The State shall establish a re-
6 serve fund from amounts received from such grant
7 for the purpose of making commitments to guaran-
8 tee the payment of principal and interest on loans
9 made by financial institutions to such eligible enti-
10 ties to provide skills upgrading.

11 (2) CRITERIA FOR LOAN GUARANTEES.—The
12 State, in conjunction with appropriate financial in-
13 stitutions, shall establish and publish criteria for
14 providing loan guarantees to eligible entities under
15 the program, including criteria that provides for the
16 following:

17 (A) A loan guarantee may be issued under
18 the program only if, at the time such guarantee
19 is issued the eligible entity agrees to pay as an
20 insurance premium an amount equal to 1 per-
21 cent of the principal received by such entity
22 under the loan to the State's reserve fund.

23 (B)(i) Subject to clause (ii), the eligible en-
24 tity will use amounts received from the loan to

1 provide skills upgrading for mid- and lower-level
2 employees, which may include—

3 (I) training in total quality manage-
4 ment, statistical process control, produc-
5 tion techniques, office automation, mate-
6 rials resource planning; and

7 (II) training to improve basic skills,
8 including reading, writing, and arithmetic.

9 (ii) In providing such skills upgrading, the
10 eligible entity shall give priority to employees
11 who—

12 (I) directly produce or deliver goods
13 or services; or

14 (II) are in danger of being terminated
15 or laid off as a result of modernization in
16 the workplace, corporate downsizing, for-
17 eign or domestic competition, or Federal
18 policies adversely affecting 1 or more in-
19 dustries.

20 (C) Amounts from a loan shall not be used
21 to pay the wages or other benefits of any em-
22 ployee receiving assistance under the program.

23 (3) PAYMENT BY STATE TO FINANCIAL INSTI-
24 TUTIONS IN CASES OF DEFAULT.—

1 (A) IN GENERAL.—In accordance with cri-
2 teria developed by the Secretary, the State shall
3 make payments from the State’s reserve fund to
4 financial institutions that have provided loans
5 to eligible entities that have defaulted on such
6 loans for the purpose of reimbursing such insti-
7 tutions for the amount of principal and interest
8 remaining unpaid to the institutions by reason
9 of such default.

10 (B) NO FULL FAITH AND CREDIT OF THE
11 UNITED STATES.—Loans provided by financial
12 institutions to eligible entities under loan guar-
13 antee programs under this section shall not be
14 obligations of, or guaranteed in any respect by,
15 the United States.

16 (4) INTEREST FROM AMOUNTS IN RESERVE
17 FUND.—Any interest earned from amounts in the
18 State’s reserve fund shall be credited to such fund.

19 (d) FEDERAL AND STATE SHARE.—

20 (1) FEDERAL SHARE.—The Federal share
21 under this section may not exceed 50 percent of the
22 total cost of the program established under sub-
23 section (c) for any fiscal year.

1 (2) STATE SHARE.—The State share shall be
2 provided from non-Federal sources and may be in
3 cash or in-kind, fairly evaluated.

4 **SEC. 325. EMPLOYMENT, TRAINING, AND EDUCATION AS-**
5 **SISTANCE FOR NATIVE AMERICANS.**

6 (a) AUTHORIZATION.—From amounts reserved under
7 section 4(a)(2) for any fiscal year, there shall be reserved
8 one quarter of one percent, or \$85,000,000, whichever is
9 less, to provide grants to, or enter into contracts or coop-
10 erative agreements with, Indian tribes and tribal organiza-
11 tions, tribally-controlled colleges, tribally-controlled post-
12 secondary vocational institutions, Indian-controlled orga-
13 nizations serving off-reservation areas, Alaska Native vil-
14 lage and regional entities serving areas as described in the
15 Alaska Native Claims Settlement Act and Hawaiian Na-
16 tive-controlled organizations to provide employment, train-
17 ing, vocational rehabilitation, library services, and edu-
18 cation assistance for Native Americans.

19 (b) TRANSFER OF AUTHORITY FOR VOCATIONAL
20 EDUCATION ACTIVITIES.—In carrying out subsection (a),
21 the Secretary of Labor may enter into an agreement with
22 the Secretary of Education to carry out any portion of
23 assistance under such subsection devoted to vocational
24 educational activities, including support for the United

1 Tribes Technical College and Crownpoint Institute of
2 Technology.

3 (c) CONSOLIDATION OF FUNDS.—Entities receiving
4 assistance under subsection (a) may consolidate such as-
5 sistance with assistance received from related programs in
6 accordance with the provisions of the Indian Employment,
7 Training and Related Services Demonstration Act (Public
8 Law 102–477).

9 (d) REGULATIONS.—The Secretary shall consult with
10 Indian, Alaska Native and Hawaiian Native groups in es-
11 tablishing regulations to carry out this section, including
12 performance standards for entities receiving assistance
13 under subsection (a), taking into account the economic cir-
14 cumstances of such groups.

15 **SEC. 326. EMPLOYMENT, TRAINING, AND EDUCATION AS-**
16 **SISTANCE FOR MIGRANT AND SEASONAL**
17 **FARMWORKERS.**

18 (a) AUTHORIZATION.—

19 (1) IN GENERAL.—From amounts reserved
20 under section 4(a)(2) for any fiscal year, there shall
21 be reserved one quarter of one percent, or
22 \$85,000,000, whichever is less, to provide grants to,
23 or enter into contracts or cooperative agreements
24 with, entities described in paragraph (2) to provide

1 employment, training, and education assistance for
2 migrant and seasonal farmworkers.

3 (2) ENTITIES DESCRIBED.—An entity described
4 in this paragraph is an entity the Secretary deter-
5 mines to have the capacity to administer effectively
6 a diversified workforce development program for mi-
7 grant and seasonal farmworkers.

8 (b) USE OF AMOUNTS.—An entity shall use amounts
9 received under subsection (a) to provide employment,
10 training, educational development, high school equiva-
11 lency, postsecondary education assistance, vocational reha-
12 bilitation, literacy, English as a second language, work-
13 based education and development, worker safety training,
14 employability enhancements, emergency or other disaster
15 relief, housing, technical assistance, outreach, intake, as-
16 sessment, follow-up, stipend support, supportive services,
17 other needs-based assistance, self-employment and related
18 business enterprise development education, and the man-
19 agement of a database on participating migrant and sea-
20 sonal farmworkers.

21 (c) REGULATIONS.—The Secretary shall consult with
22 seasonal and migrant farmworker groups in establishing
23 regulations to carry out this section, including perform-
24 ance standards for entities receiving assistance under sub-

1 section (a)(2), taking into account the economic cir-
2 cumstances of such groups.

3 **TITLE IV—ADULT EDUCATION**
4 **AND FAMILY LITERACY CON-**
5 **SOLIDATION GRANT AND LI-**
6 **BRARY SERVICES AND TECH-**
7 **NOLOGY CONSOLIDATION**
8 **GRANT**

9 **SEC. 401. FINDINGS.**

10 The Congress finds as follows:

11 (1) According to the 1990 census, 21 percent of
12 our Nation's adults (more than 38 million persons)
13 lack a high school credential or are limited English
14 proficient.

15 (2) The National Adult Literacy Survey, con-
16 ducted under the Adult Education Act, found that
17 20 percent of all adults in the United States, or
18 about 40 million people, have minimal levels of lit-
19 eracy skills and that the lack of such skills is related
20 to unemployment, low wages, and fewer weeks
21 worked.

22 (3) The success of State efforts to reform and
23 improve public education are dependent on the abil-
24 ity of the United States to break intergenerational
25 cycles of illiteracy and inadequate education by en-

1 suring that parents possess a strong educational
2 foundation and, as the first and most continuous
3 teachers of their children, model for, and instill in,
4 their children a commitment to family literacy and
5 life-long learning.

6 (4) Generations of immigrants have contributed
7 to our communities and our economy, but for them
8 to continue to do so given recent technologies and
9 the competitive global economy, they must master
10 English as rapidly as possible.

11 (5) Studies have found that incarcerated adults
12 are twice as likely as nonincarcerated adults to lack
13 a good education and that such lack is a significant
14 statistical indicator of recidivism.

15 (6) Certain short-term and long-term goals of
16 the Nation may not be met unless the United States
17 improves its current system of adult education and
18 life-long learning through Federal leadership.

19 **SEC. 402. DEFINITIONS.**

20 As used in this title:

21 (1) CORRECTIONAL EDUCATION AGENCY.—The
22 term “correctional education agency” means an en-
23 tity that provides programs for criminal offenders in
24 corrections institutions and for other institutional-
25 ized individuals which include academic programs

1 for basic education, special education, bilingual or
2 English language instruction, vocational training, li-
3 brary development, corrections education programs,
4 guidance and counseling, and other supportive serv-
5 ices for criminal offenders which may emphasize co-
6 ordination of educational services with educational
7 institutions, community-based organizations of de-
8 monstrative effectiveness, and the private sector, de-
9 signed to provide education and training.

10 (2) EDUCATIONALLY DISADVANTAGED
11 ADULT.—The term “educationally disadvantaged
12 adult” means an adult who—

13 (A) demonstrates basic skills equivalent to
14 or below that of students at the fifth grade
15 level; or

16 (B) has been placed in the lowest or begin-
17 ning level of an adult education program when
18 that program does not use grade level equiva-
19 lencies as a measure of students’ basic skills.

20 (3) FAMILY LITERACY SERVICES.—The term
21 “family literacy services” means services that are of
22 sufficient intensity in terms of hours, and of suffi-
23 cient duration, to make sustainable changes in a
24 family and that integrate all of the following activi-
25 ties:

1 (A) Interactive literacy activities between
2 parents and their children.

3 (B) Training for parents on how to be
4 their children's primary teacher and full part-
5 ners in the education of their children.

6 (C) Parent literacy training.

7 (D) An age-appropriate education program
8 for children.

9 (4) SECRETARY.—The term “Secretary” means
10 the Secretary of Education.

11 **Subtitle A—Adult Education and**
12 **Family Literacy Consolidation**
13 **Grant**

14 **SEC. 411. PURPOSES.**

15 The purposes of this subtitle are to assist States to
16 provide—

17 (1) to adults, the basic educational skills nec-
18 essary for employment and self-sufficiency;

19 (2) to adults who are parents, the educational
20 skills necessary to be full partners in the educational
21 development of their children;

22 (3) to adults, the basic English language skills
23 necessary to participate in the civic, social, and eco-
24 nomic life of the United States; and

1 (4) to adults, the opportunity to attain a high
2 school degree or its equivalent in order to permit
3 them to pursue further education and training or
4 improve their family and work situations.

5 **CHAPTER 1—FUNDING**

6 **SEC. 421. RESERVATIONS FROM AMOUNTS APPROPRIATED.**

7 (a) NATIONAL INSTITUTE FOR LITERACY.—For any
8 fiscal year, the Secretary shall reserve \$4,500,000 of the
9 amount appropriated under section 4(a)(3) to carry out
10 the activities of the National Institute for Literacy de-
11 scribed in section 441.

12 (b) NATIONAL LEADERSHIP ACTIVITIES.—For any
13 fiscal year, the Secretary shall reserve \$4,500,000 of the
14 amount appropriated under section 4(a)(3) to establish
15 and carry out the program of national leadership and eval-
16 uation activities described in section 442.

17 **SEC. 422. ALLOTMENT.**

18 (a) INITIAL ALLOTMENT.—From the sums available
19 for the purpose of making grants under chapter 2 for any
20 fiscal year, the Secretary shall allot—

21 (1) \$100,000 each to Guam, American Samoa,
22 the Commonwealth of the Northern Mariana Is-
23 lands, and the Virgin Islands; and

24 (2) \$250,000 to each of the other States.

25 (b) ADDITIONAL ALLOTMENT.—

1 (1) IN GENERAL.—From the remainder of the
2 sums described in subsection (a) after the applica-
3 tion of the subsection, the Secretary shall allot to
4 each State an amount which bears the same ratio to
5 such remainder as the number of qualifying adults
6 in the State bears to the number of such adults in
7 all States.

8 (2) QUALIFYING ADULT.—For purposes of this
9 subsection, the term “qualifying adult” means an
10 adult who—

11 (A) is at least 16 years of age, but less
12 than 61 years of age;

13 (B) is beyond the age of compulsory school
14 attendance under State law;

15 (C) does not have a certificate of gradua-
16 tion from a school providing secondary edu-
17 cation (or its equivalent); and

18 (D) is not currently enrolled in elementary
19 or secondary school.

20 **CHAPTER 2—GRANTS TO STATES**

21 **SEC. 431. REQUIREMENT TO MAKE GRANTS.**

22 For fiscal year 1997 and subsequent fiscal years, the
23 Secretary shall make a grant to a State in an amount
24 equal to the initial and additional allotments of the State
25 for the year if the State—

1 (1) has satisfied the requirements of title I and
2 section 433(a)(1);

3 (2) agrees not to expend the grant for any pur-
4 pose other than in accordance with section 432;

5 (3) agrees to satisfy the grant requirements in
6 section 433(a)(2) and 433(b); and

7 (4) agrees not to expend the grant for the pur-
8 pose of supporting or providing programs, services,
9 or activities for individuals who are not adults, ex-
10 cept if such programs, services, or activities are re-
11 lated to family literacy services.

12 **SEC. 432. USES OF FUNDS.**

13 (a) STATE USES OF FUNDS.—

14 (1) GRANTS TO SERVE TARGET POPU-
15 LATIONS.—

16 (A) IN GENERAL.—Of the funds paid to a
17 State under this title for fiscal year 1998 and
18 subsequent fiscal years, 3 percent shall be dis-
19 tributed as performance grants made by the
20 State on a competitive basis, and consistent
21 with subsection (b) and section 433(b)(2), to
22 local service providers that have provided, dur-
23 ing the immediately preceding fiscal year, adult
24 education or family literacy services to the tar-
25 get populations described in subparagraph (C).

1 (B) LOCAL SERVICE PROVIDERS.—The
2 local service providers referred to in subpara-
3 graph (A) may include the following:

- 4 (i) Local educational agencies.
- 5 (ii) Correctional educational agencies.
- 6 (iii) Community-based organizations.
- 7 (iv) Public or private nonprofit agen-
8 cies.
- 9 (v) Institutions of higher education.
- 10 (vi) Libraries.
- 11 (vii) Other institutions that the State
12 determines to have the ability to provide
13 literacy services to adults and families.

14 (C) TARGET POPULATIONS.—The target
15 populations referred to in subparagraph (A) are
16 the following:

- 17 (i) Adults with more than one barrier
18 to self-sufficiency, such as being unem-
19 ployed or an educationally disadvantaged
20 adult.
- 21 (ii) Families on public assistance (as
22 determined by the State).
- 23 (iii) Parents who are educationally
24 disadvantaged adults and who have a child
25 who is less than 8 years of age.

1 (iv) Adults who are individuals with
2 disabilities or who have similar special
3 needs.

4 (2) GRANTS TO LOCAL SERVICE PROVIDERS.—
5 Of the funds paid to a State under this subtitle for
6 any fiscal year that remain after the application of
7 paragraph (1), at least 85 percent shall be distrib-
8 uted as grants made by the State on a competitive
9 basis, and consistent with subsection (b) and section
10 433(b)(2), to local service providers to establish,
11 conduct, or expand programs, services, or activities
12 to achieve a purpose of this subtitle. Such local serv-
13 ice providers may include the local service providers
14 described in paragraph (1)(B).

15 (3) OTHER STATE ACTIVITIES.—A State may
16 use not more than 12 percent of the funds paid to
17 the State under this subtitle for any fiscal year that
18 remain after the application of paragraph (1) for
19 one or more of the following purposes:

20 (A) The establishment or operation of pro-
21 fessional development programs to improve the
22 quality of instruction provided in local adult
23 education and literacy programs, including in-
24 struction provided by volunteers.

1 (B) The provision of technical assistance
2 to local service providers.

3 (C) The provision of technology assistance
4 to local service providers to enable them to im-
5 prove the quality of their programs, services,
6 and activities that achieve a purpose of this
7 subtitle, including—

8 (i) providing hardware and software;

9 (ii) paying for service connection fees
10 associated with gaining access to comput-
11 erized databases; and

12 (iii) upgrading the technological capa-
13 bilities of local service providers to improve
14 the quality of their services and to assist
15 them in providing services on a flexible
16 schedule that meets the needs of diverse
17 populations.

18 (D) The support of State or regional net-
19 works of literacy resource centers that—

20 (i) enhance the coordination of lit-
21 eracy services across public and private
22 programs and State agencies;

23 (ii) enhance the capacity of the State
24 and local service providers to provide lit-
25 eracy services through the diffusion and

1 adoption of state-of-the-art teaching meth-
2 ods and technologies;

3 (iii) provide linkages between the Na-
4 tional Institute for Literacy established
5 under section 441 and local service provid-
6 ers for the sharing of literacy information,
7 research, and resources;

8 (iv) encourage government and indus-
9 try partnerships; and

10 (v) provide training and technical as-
11 sistance to literacy instructors in reading
12 instruction, the use of state-of-the-art
13 methodologies, instructional materials, and
14 technologies, and professional development.

15 (E) Monitoring and evaluating the quality
16 of, and the improvement in, services and activi-
17 ties conducted with Federal financial assistance
18 under this subtitle, including carrying out sec-
19 tion 433(a)(2).

20 (F) The support of a common management
21 information system as described in section 109.

22 (G) Carrying out other activities of state-
23 wide significance that promote the purposes of
24 this Act.

1 (4) ADMINISTRATIVE EXPENSES.—For any fis-
2 cal year, a State may use not more than 3 percent
3 of the funds paid to the State under this subtitle
4 that remain after the application of paragraph (1) or
5 \$50,000, whichever is greater, for—

6 (A) planning, administration, and inter-
7 agency coordination associated with a grant
8 under this subtitle; and

9 (B) support for integrated career center
10 systems described in section 107.

11 (b) LOCAL USES OF FUNDS.—A State shall require
12 that a local service provider that receives a grant from
13 the State under paragraph (1) or (2) of subsection (a)
14 use the grant to establish or operate one or more programs
15 that provide instruction or services within one or more of
16 the following categories:

17 (1) Adult basic education that is designed for
18 an adult who—

19 (A) has minimal competence in reading,
20 writing, or computation;

21 (B) is not sufficiently competent in read-
22 ing, writing, or computation to meet the re-
23 quirements of adult life in the United States; or

24 (C) is not sufficiently competent in speak-
25 ing, reading, or writing the English language to

1 obtain employment commensurate with the
2 adult's intellectual abilities.

3 (2) Adult secondary education that is designed
4 for an adult who is literate and can function in ev-
5 eryday life, but who—

6 (A) has not acquired basic educational
7 skills, including reading, writing, and computa-
8 tion; or

9 (B) does not have a certificate of gradua-
10 tion from a school providing education to stu-
11 dents in grade 12, or its equivalent.

12 (3) English literacy instruction that is designed
13 for an adult—

14 (A) who—

15 (i) has limited ability in speaking,
16 reading, writing, or understanding the
17 English language and whose native lan-
18 guage is a language other than English; or

19 (ii) lives in a family or community en-
20 vironment where a language other than
21 English is the dominant language; and

22 (B) who, by reason of a condition de-
23 scribed in subparagraph (A), has sufficient dif-
24 ficulty reading, writing, or understanding the
25 English language that the adult is unable—

1 (i) to learn successfully in a classroom
2 where the language of instruction is Eng-
3 lish; or

4 (ii) to participate fully in the society
5 of the United States.

6 (4) Family literacy services.

7 (c) AUTHORIZATION TO RECEIVE PAYMENTS FROM
8 OTHER PROGRAMS.—A local service provider that receives
9 a grant from a State under paragraph (1) or (2) of sub-
10 section (a), and that provides adult education and literacy
11 services to an adult who was referred to the provider by
12 a program supported under title II or III, may receive pay-
13 ment for the services from the program, either in the form
14 of a career grant or by some other means.

15 **SEC. 433. ADDITIONAL GRANT REQUIREMENTS.**

16 (a) GOALS, PROGRESS INDICATORS, PERFORMANCE
17 MEASURES.—

18 (1) PLANNING REQUIREMENTS.—A State that
19 desires to receive a grant under this subtitle shall
20 accomplish the following:

21 (A) Establish, through the collaborative
22 process described in section 103, measurable
23 goals for improving literacy levels, retention in
24 literacy programs, and long-term learning gains
25 of individuals in the State.

1 (B) Based on such goals and the perform-
2 ance measures described in section 110(f), es-
3 tablish, through such collaborative process,
4 progress indicators to be used to evaluate the
5 performance of local service providers receiving
6 a grant under paragraph (1) or (2) of section
7 432(a).

8 (C) Describe such goals and progress indi-
9 cators in the State workforce development and
10 literacy plan submitted to the Secretary under
11 section 104.

12 (2) IMPLEMENTATION REQUIREMENTS.—A
13 State that receives a grant under this subtitle shall
14 accomplish the following:

15 (A) With respect to each local service pro-
16 vider receiving a grant under paragraph (1) or
17 (2) of section 432(a), based on the goals and
18 progress indicators established under paragraph
19 (1), measure the performance measures de-
20 scribed in section 110(f) and use the data pro-
21 duced by such measurement to improve the
22 quality of services provided to program partici-
23 pants or service recipients.

24 (B) Beginning on the date that is 2 years
25 after the first date that a local service provider

1 receives a grant under paragraph (1) or (2) of
2 section 432(a), annually assess the degree to
3 which the provider is meeting or exceeding the
4 progress indicators applicable to the provider.

5 (C) Annually report to the Secretary on
6 the performance measures described in section
7 434 for each category described in such section.

8 (b) OTHER REQUIREMENTS.—A State that receives
9 a grant under this subtitle shall ensure the following:

10 (1) EXPENDITURES OF NON-FEDERAL
11 FUNDS.—For any fiscal year for which a grant is
12 made to the State under this subtitle, the State shall
13 expend, on programs and activities relating to adult
14 education and family literacy services, an amount,
15 derived from sources other than the Federal Govern-
16 ment, equal to 25 percent of the State's initial and
17 additional allotments for the year.

18 (2) PRIORITY FOR PLANNING WITH BOARDS
19 AND SYSTEMS.—In awarding grants to local service
20 providers under paragraph (1) or (2) of section
21 432(a), the State shall give priority to providers that
22 demonstrate joint planning with local workforce de-
23 velopment boards and integrated career center sys-
24 tems.

1 (3) EQUITABLE ACCESS.—Local educational
2 agencies, public or private nonprofit agencies, com-
3 munity-based organizations, correctional education
4 agencies, institutions of higher education, libraries,
5 and institutions which serve educationally disadvan-
6 taged adults shall be provided direct and equitable
7 access to Federal funds provided under this subtitle
8 in accordance with this subtitle.

9 (4) PAYMENTS BY LOCAL WORKFORCE DEVEL-
10 OPMENT BOARDS TO LOCAL SERVICE PROVIDERS.—
11 A local service provider that receives a grant from
12 a State under paragraph (1) or (2) of section 432(a)
13 may negotiate with a local workforce development
14 board with respect to receipt of payments for adult
15 education and literacy services provided by the pro-
16 vider to adults referred to the provider by a program
17 supported under title II or III.

18 **CHAPTER 3—NATIONAL PROGRAMS**

19 **SEC. 441. NATIONAL INSTITUTE FOR LITERACY.**

20 (a) ESTABLISHMENT.—

21 (1) IN GENERAL.—There shall be established a
22 National Institute for Literacy (in this section re-
23 ferred to as the “Institute”). The Institute shall be
24 administered under the terms of an interagency
25 agreement entered into by the Secretary of Edu-

1 cation with the Secretary of Labor and the Secretary
2 of Health and Human Services (in this section re-
3 ferred to as the “Interagency Group”). The Sec-
4 retary may include in the Institute any research and
5 development center, institute, or clearinghouse estab-
6 lished within the Department of Education whose
7 purpose is determined by the Secretary to be related
8 to the purpose of the Institute.

9 (2) BOARD RECOMMENDATIONS.—The Inter-
10 agency Group shall consider the recommendations of
11 the National Institute for Literacy Advisory Board
12 (in this section referred to as the “Board”) estab-
13 lished under subsection (d) in planning the goals of
14 the Institute and in the implementation of any pro-
15 grams to achieve such goals.

16 (3) DAILY OPERATIONS.—The daily operations
17 of the Institute shall be carried out by the Director
18 of the Institute appointed under subsection (g).

19 (b) DUTIES.—

20 (1) IN GENERAL.—The Institute shall—

21 (A) provide national leadership for the im-
22 provement and expansion of the system for de-
23 livery of literacy services;

24 (B) coordinate the delivery of such serv-
25 ices;

1 (C) support the creation of new methods of
2 offering improved services;

3 (D) serve as a national resource for adult
4 education and family literacy services by provid-
5 ing to the public the best and most current in-
6 formation available on the subjects; and

7 (E) assist States in developing levels of
8 performance.

9 (2) AUTHORIZED ACTIVITIES.—In order to
10 carry out the duties described in paragraph (1), the
11 Institute may—

12 (A) establish a national electronic database
13 of information that includes—

14 (i) information on—

15 (I) effective practices in the pro-
16 vision of literacy and basic skills in-
17 struction;

18 (II) public and private literacy
19 and basic skills programs and Fed-
20 eral, State, and local policies affecting
21 the provision of literacy services at the
22 national, State, and local levels; and

23 (III) technical assistance, meet-
24 ings, conferences, and other opportu-

1 nities that lead to the improvement of
2 literacy and basic skills services; and

3 (ii) a communication network for lit-
4 eracy programs, providers, and students;

5 (B) coordinate support for the provision of
6 literacy and basic skills services across Federal
7 agencies and at the State and local level;

8 (C) coordinate the support of research and
9 development on literacy and basic skills in fami-
10 lies and adults across Federal agencies and
11 carry out basic and applied research and devel-
12 opment on topics that are not being inves-
13 tigated by other organizations or agencies;

14 (D) collect and disseminate information on
15 methods of advancing literacy that show prom-
16 ise of success; and

17 (E) assist in the development of policy
18 with respect to literacy and basic skills.

19 (3) GRANTS, CONTRACTS, AND AGREEMENTS.—

20 The Institute may enter into contracts or coopera-
21 tive agreements with, or make grants to, individuals,
22 public or private institutions, agencies, organiza-
23 tions, or consortia of such institutions, agencies, or
24 organizations to carry out the activities of the Insti-
25 tute. Such grants, contracts, or agreements shall be

1 subject to the laws and regulations that generally
2 apply to grants, contracts, or agreements entered
3 into by Federal agencies.

4 (c) LITERACY LEADERSHIP.—

5 (1) FELLOWSHIPS.—The Institute, in consulta-
6 tion with the Board, may award fellowships, with
7 such stipends and allowances as the Director consid-
8 ers necessary, to outstanding individuals pursuing
9 careers in adult education or literacy in the areas of
10 instruction, management, research, or innovation.

11 (2) USE OF FELLOWSHIPS.—Fellowships
12 awarded under this subsection shall be used, under
13 the auspices of the Institute, to engage in research,
14 education, training, technical assistance, or other ac-
15 tivities to advance the field of adult education or lit-
16 eracy, including the training of volunteer literacy
17 providers at the national, State, or local level.

18 (3) INTERNS AND VOLUNTEERS.—The Insti-
19 tute, in consultation with the Board, may award
20 paid and unpaid internships to individuals seeking to
21 assist the Institute in carrying out its mission. Not-
22 withstanding section 1342 of title 31, United States
23 Code, the Institute may accept and use voluntary
24 and uncompensated services as the Institute deter-
25 mines necessary.

1 (d) NATIONAL INSTITUTE FOR LITERACY ADVISORY
2 BOARD.—

3 (1) ESTABLISHMENT.—

4 (A) IN GENERAL.—There shall be a Na-
5 tional Institute for Literacy Advisory Board.
6 The Board shall consist of 10 individuals ap-
7 pointed by the President with the advice and
8 consent of the Senate from individuals who—

9 (i) are not otherwise officers or em-
10 ployees of the Federal Government; and

11 (ii) are representative of entities or
12 groups described in subparagraph (B).

13 (B) ENTITIES OR GROUPS DESCRIBED.—
14 The entities or groups referred to in subpara-
15 graph (A) are—

16 (i) literacy organizations and provid-
17 ers of literacy services, including—

18 (I) nonprofit providers of literacy
19 services;

20 (II) providers of programs and
21 services involving English language in-
22 struction; and

23 (III) providers of services receiv-
24 ing assistance under this subtitle;

- 1 (ii) businesses that have demonstrated
- 2 interest in literacy programs;
- 3 (iii) literacy students;
- 4 (iv) experts in the area of literacy re-
- 5 search;
- 6 (v) State and local governments; and
- 7 (vi) representatives of employees.

8 (2) DUTIES.—The Board shall—

9 (A) make recommendations concerning the
10 appointment of the Director and staff of the In-
11 stitute;

12 (B) provide independent advice on the op-
13 eration of the Institute; and

14 (C) receive reports from the Interagency
15 Group and the Director.

16 (3) TERMS.—

17 (A) IN GENERAL.—Each member of the
18 Board shall be appointed for a term of 3 years,
19 except that the initial terms for members may
20 be 1, 2, or 3 years in order to establish a rota-
21 tion in which $\frac{1}{3}$ of the members are selected
22 each year.

23 (B) VACANCY APPOINTMENTS.—Any mem-
24 ber appointed to fill a vacancy occurring before
25 the expiration of the term for which the mem-

1 ber's predecessor was appointed shall be ap-
2 pointed only for the remainder of that term. A
3 member may serve after the expiration of that
4 members' term until a successor has taken of-
5 fice. A vacancy in the Board shall be filled in
6 the manner in which the original appointment
7 was made. A vacancy in the Board shall not af-
8 fect the powers of the Board.

9 (4) QUORUM.—A majority of the members of
10 the Board shall constitute a quorum but a lesser
11 number may hold hearings. Any recommendation
12 may be passed only by a majority of its members
13 present.

14 (5) CHAIRPERSON AND VICE CHAIRPERSON.—
15 The chairperson and vice chairperson of the Board
16 shall be elected by the members. The term of office
17 of the chairperson and vice chairperson shall be 1
18 year.

19 (6) MEETINGS.—The Board shall meet at the
20 call of the chairperson or a majority of its members.

21 (e) GIFTS, BEQUESTS, AND DEVISES.—The Institute
22 may accept, administer, and use gifts or donations of serv-
23 ices, money, or property, both real and personal.

24 (f) MAILS.—The Board and the Institute may use the
25 United States mails in the same manner and under the

1 same conditions as other departments and agencies of the
2 United States.

3 (g) STAFF.—The Interagency Group, after consider-
4 ing recommendations made by the Board, shall appoint
5 and fix the pay of a Director.

6 (h) APPLICABILITY OF CERTAIN CIVIL SERVICE
7 LAWS.—The Director and staff of the Institute may be
8 appointed without regard to the provisions of title 5,
9 United States Code, governing appointments in the com-
10 petitive service, and may be paid without regard to the
11 provisions of chapter 51 and subchapter III of chapter 53
12 of that title relating to classification and General Schedule
13 pay rates, except that an individual so appointed may not
14 receive pay in excess of the maximum rate payable under
15 section 5376 of title 5, United States Code.

16 (i) EXPERTS AND CONSULTANTS.—The Board and
17 the Institute may procure temporary and intermittent
18 services under section 3109(b) of title 5, United States
19 Code.

20 (j) REPORT.—The Institute shall submit a biennial
21 report to the Interagency Group and the Congress.

22 **SEC. 442. NATIONAL LEADERSHIP ACTIVITIES.**

23 (a) IN GENERAL.—The Secretary shall establish and
24 carry out a program of national leadership and evaluation

1 activities to enhance the quality of adult education and
2 family literacy programs nationwide.

3 (b) REQUIRED ACTIVITY.—

4 (1) IN GENERAL.—The program of national
5 leadership and evaluation activities under subsection
6 (a) shall include a national evaluation, conducted by
7 the Secretary, of the programs and activities carried
8 out by States and local service providers with Fed-
9 eral funds received under this subtitle. Such evalua-
10 tion shall include information on the following:

11 (A) The manner in which States and local
12 service providers use Federal funds, including
13 the manner in which States allocate such funds
14 among such providers.

15 (B) The manner in which States establish
16 goals and performance standards and use such
17 goals and standards to manage and improve
18 programs.

19 (C) The effectiveness of the funds used
20 under subparagraphs (B) and (C) of section
21 432(a)(3).

22 (D) The manner in which economically dis-
23 advantaged individuals and educationally dis-
24 advantaged adults are being served by States
25 and local service providers.

1 (E) The coordination between programs
2 and activities carried out with Federal funds re-
3 ceived under titles II and III and programs and
4 activities carried out with Federal funds re-
5 ceived under this subtitle.

6 (F) The percentage of individuals receiving
7 a service from an integrated career center sys-
8 tem who are referred by such system to a local
9 service provider providing adult education or lit-
10 eracy services.

11 (2) REPORT.—Not later than September 30,
12 2001, the Secretary shall provide to the Congress
13 and publicly publish the results of the evaluation
14 conducted under paragraph (1).

15 (c) AUTHORIZED ACTIVITIES.—

16 (1) IN GENERAL.—The program of national
17 leadership and evaluation activities under subsection
18 (a) may include the following:

19 (A) Assisting States in developing levels of
20 performance.

21 (B) Research and development.

22 (C) Demonstration of model and innovative
23 programs.

24 (D) Evaluations, including independent
25 evaluations of adult education and family lit-

eracy programs carried out with financial assistance received pursuant to this subtitle.

(E) Data collection.

(F) Professional development.

(G) Technical assistance to States and local service providers receiving Federal financial assistance pursuant to this subtitle.

(H) Making grants to State or regional networks of literacy resource centers described in section 432(a)(3)(D).

(I) Other activities to enhance the quality of adult education and family literacy programs nationwide.

(2) GRANTS, CONTRACTS, AND COOPERATIVE AGREEMENTS.—The Secretary may carry out the activities described in paragraph (1) directly or through grants, contracts, and cooperative agreements.

Subtitle B—Library Services and Technology Consolidation Grant

SEC. 451. PURPOSES.

The purposes of this subtitle are—

(1) to consolidate Federal library service programs;

1 (2) to improve public access to information
2 through electronic networks; and

3 (3) to provide linkages among and between li-
4 braries and integrated career center systems.

5 **SEC. 452. AUTHORIZATION OF APPROPRIATIONS.**

6 (a) IN GENERAL.—There are authorized to be appro-
7 priated to carry out this subtitle \$110,000,000 for each
8 of the fiscal years 1997 through 2002.

9 (b) ADVANCE NOTICE OF FUNDING.—For the pur-
10 pose of affording adequate notice of funding available
11 under this subtitle, an appropriation to carry out this sub-
12 title is authorized to be included in an appropriation Act
13 for the fiscal year preceding the fiscal year for which such
14 appropriation is first available for obligation.

15 **SEC. 453. ALLOTMENTS.**

16 (a) INITIAL ALLOTMENTS.—

17 (1) IN GENERAL.—From the sums appropriated
18 under section 452 for any fiscal year, the Secretary
19 shall allot—

20 (A) \$40,000 each to Guam, American
21 Samoa, the Commonwealth of the Northern
22 Mariana Islands, and the Virgin Islands; and

23 (B) \$200,000 to each of the other States.

24 (2) RATABLE REDUCTION.—If the sums appro-
25 priated under section 452 for any fiscal year are in-

1 sufficient to pay all of the allotments under para-
2 graph (1), each such allotment shall be ratably re-
3 duced.

4 (b) ADDITIONAL ALLOTMENTS.—

5 (1) IN GENERAL.—From the remainder of the
6 sums appropriated under section 452 for any fiscal
7 year after the application of subsection (a), the Sec-
8 retary shall allot to each State an amount which
9 bears the same ratio to such remainder as the popu-
10 lation of the State bears to the population of all
11 States.

12 (2) DETERMINATION OF POPULATION OF
13 STATES.—For the purpose of this subsection, the
14 population of each State, and the total population of
15 all States, shall be determined by the Secretary on
16 the basis of the most recent census data available to
17 the Secretary, and the Secretary shall use for such
18 purpose, if available, the annual interim current cen-
19 sus data produced by the Secretary of Commerce
20 pursuant to section 181 of title 13, United States
21 Code.

22 **SEC. 454. GRANTS TO STATES.**

23 (a) IN GENERAL.—The Secretary shall make a grant
24 for a fiscal year to a State if the State—

1 (1) has submitted to the Secretary for the year
2 an annual application that has been approved by the
3 Secretary under section 456; and

4 (2) has entered into a written agreement with
5 the Secretary that—

6 (A) the State will provide 100 percent of
7 the funds paid to the State under this subtitle
8 for the year to the State library administrative
9 agency for the State;

10 (B) such agency will be required to use
11 such funds to carry out activities that—

12 (i) are described in such annual appli-
13 cation;

14 (ii) achieve the purposes of this sub-
15 title; and

16 (iii) satisfy the requirements of sec-
17 tion 455;

18 (C) there will be available from State and
19 local sources for expenditure by such agency to
20 carry out such activities an amount that equals
21 or exceeds 25 percent of the total cost (as de-
22 termined by the Secretary) of carrying out such
23 activities for the year; and

1 (D) such agency has the fiscal and legal
2 authority and capability to administer all as-
3 pects of such activities.

4 (b) AMOUNT OF GRANTS.—The amount of a grant
5 to a State under subsection (a) for a fiscal year shall equal
6 the lesser of the following:

7 (1) The sum of the initial and additional allot-
8 ments of the State for the year.

9 (2) 75 percent of the total cost (as determined
10 by the Secretary) of carrying out the activities de-
11 scribed in subsection (a)(2)(B) for the year.

12 **SEC. 455. USES OF FUNDS.**

13 (a) IN GENERAL.—Of the funds provided to a State
14 library administrative agency under section 454(a)(2)(A),
15 the agency shall expend (either directly or through
16 subgrants or cooperative agreements) at least 97 percent
17 for one or more of the following purposes:

18 (1) Electronically connecting libraries with inte-
19 grated career center systems designated or estab-
20 lished under section 107 and local service providers
21 receiving grants under paragraph (1) or (2) of sec-
22 tion 432(a).

23 (2) Establishing or enhancing linkages among
24 libraries.

1 (3) Assisting libraries in accessing information
2 through electronic networks.

3 (4) Encouraging libraries in different Federal,
4 State, and local jurisdictions, and different types of
5 libraries, to establish consortia and share resources.

6 (5) Paying costs for libraries to acquire or
7 share computer systems and telecommunications
8 technologies.

9 (6) Improving library and information services
10 for individuals who have difficulty using a library or
11 who need special library materials or services, in-
12 cluding individuals under the age of 18.

13 (b) ADMINISTRATIVE EXPENSES.—In any fiscal year,
14 a State library administrative agency may use not more
15 than 3 percent of the funds provided to the agency under
16 section 454(a)(2)(A) for planning, administration, evalua-
17 tions, and interagency coordination associated with a
18 grant under this subtitle.

19 **SEC. 456. ANNUAL APPLICATIONS.**

20 (a) SUBMISSION.—A State that desires to receive a
21 grant under this subtitle for a fiscal year shall submit to
22 the Secretary, in such form and manner and before such
23 deadline as the Secretary shall specify in regulations, an
24 application for such year. Such application shall—

1 (1) establish goals, and specify priorities, for
2 the State consistent with the purposes of this sub-
3 title;

4 (2) describe activities that are consistent with
5 such goals and priorities, the purposes of this sub-
6 title, and the requirements of section 455 that the
7 State library administrative agency will carry out
8 during such year using such grant;

9 (3) describe the procedures that such agency
10 will use to carry out such activities;

11 (4) describe the methodology that such agency
12 will use to evaluate the success of such activities in
13 achieving such goals and meeting such priorities;

14 (5) describe procedures that such agency will
15 use to involve libraries and library users throughout
16 the State in policy decisions regarding implementa-
17 tion of this subtitle; and

18 (6) provide assurances satisfactory to the Sec-
19 retary that such agency will make such reports, in
20 such form and containing such information, as the
21 Secretary may reasonably require to carry out this
22 subtitle and to determine the extent to which funds
23 provided under this subtitle have been effective in
24 carrying out its purposes.

25 (b) APPROVAL.—

1 (1) IN GENERAL.—The Secretary shall approve
2 each application submitted under subsection (a) that
3 satisfies the requirements of the subsection.

4 (2) RIGHTS OF STATES UPON DISAPPROVAL.—
5 If the Secretary determines that an application sub-
6 mitted by a State under subsection (a) does not sat-
7 isfy the requirements of such subsection, the Sec-
8 retary shall—

9 (A) immediately notify the State of such
10 determination and the reasons for such deter-
11 mination; and

12 (B) offer the State an opportunity to re-
13 vise its application to correct any deficiencies.

14 **TITLE V—AMENDMENTS TO**
15 **REHABILITATION ACT OF 1973**
16 **Subtitle A—Vocational**
17 **Rehabilitation Consolidation Grant**
18 **CHAPTER 1—TRANSITION PERIOD**

19 **SEC. 501. TRANSITION.**

20 With respect to the amendment made by section
21 511(a)(4) to title I of the Rehabilitation Act of 1973, the
22 Secretary of Education, acting through the Commissioner
23 of the Rehabilitation Services Administration, shall admin-
24 ister the amendment in accordance with the following:

1 (1) During fiscal year 1996, the Secretary shall
2 develop administrative policies for implementing the
3 amendment.

4 (2) During the fiscal years 1997 and 1998, the
5 Secretary shall begin implementing the amendment
6 in accordance with paragraph (4).

7 (3) The Secretary shall ensure that, by the first
8 day of fiscal year 1999, the amendment is fully im-
9 plemented.

10 (4) For purposes of paragraph (2), the Sec-
11 retary shall ensure that, before the first day of fiscal
12 year 1999, the following requirements, administered
13 as conditions on the receipt of grants under such
14 title, have been met:

15 (A) The States have complied with section
16 103(b)(4) of such title (as amended by section
17 511) regarding the participation of certain pro-
18 viders.

19 (B) The States have established policies
20 and made arrangements for the operation of the
21 system of career grants described in section
22 103(c) of such title, including with respect to
23 the reimbursement of providers.

24 (C) The States have established policies
25 and made arrangements under section

1 103(b)(12) of such title regarding the training
2 of the management and staff of integrated ca-
3 reer center systems with respect to individuals
4 with disabilities.

5 (D) The States have established policies
6 and made arrangements under section 104 of
7 such title regarding the establishment of such
8 centers, including providing for the significant
9 participation of community-based providers in
10 the program carried out by the State pursuant
11 to such title.

12 (E) Such other requirements under the
13 amendment as the Secretary determines to be
14 appropriate.

15 (5)(A) Notwithstanding the amendment, during
16 the fiscal years 1996 through 1998, the provisions
17 of title I of the Rehabilitation Act of 1973 that were
18 in effect on the day before the date of the enactment
19 of this Act continue to be in effect, subject to para-
20 graphs (1) through (4). In implementing the amend-
21 ment, the Secretary shall seek to avoid unnecessarily
22 disrupting the provision of services under such title
23 to individuals who, as of the date of the enactment
24 of this Act, were receiving services pursuant to an
25 individualized plan under such title.

1 (B) On and after the first day of fiscal year
2 1999, the provisions referred to in the first sentence
3 of subparagraph (A) do not have any legal effect.

4 **CHAPTER 2—REVISION OF TITLE I OF**
5 **REHABILITATION ACT OF 1973**

6 **SEC. 511. REVISION OF TITLE I.**

7 (a) IN GENERAL.—Effective October 1, 1995, the
8 Rehabilitation Act of 1973 (29 U.S.C. 701 et seq.) is
9 amended—

10 (1) by transferring section 112 from the cur-
11 rent placement of the section;

12 (2) by redesignating such section as section
13 510;

14 (3) by adding such section at the end of title
15 V; and

16 (4) by amending title I to read as follows:

17 **“TITLE I—VOCATIONAL**
18 **REHABILITATION SERVICES**

19 **“SEC. 100. PURPOSE.**

20 “The purpose of this title is to assist States in mak-
21 ing available to individuals with disabilities a program of
22 employment, training, and rehabilitation services that is
23 consistent with their strengths, resources, priorities, con-
24 cerns, abilities, and capabilities; that maximizes individ-
25 uals’ control over their vocational and career choices; and

1 that is in accordance with the goal of assuring equality
2 of opportunity, full participation, independent living, and
3 economic self-sufficiency for such individuals.

4 **“SEC. 101. FORMULA GRANTS.**

5 “(a) IN GENERAL.—

6 “(1) FORMULA GRANTS.—In the case of each
7 State that submits to the Secretary a workforce de-
8 velopment and literacy plan for fiscal year 1999 or
9 any subsequent fiscal year that meets the require-
10 ment of section 104 of the Consolidated and Re-
11 formed Education, Employment, and Rehabilitation
12 Systems Act, the Secretary shall make a grant for
13 the year to the State as the Federal share of carry-
14 ing out the purposes specified in this title. The grant
15 shall consist of the allotment determined for the
16 State under section 107.

17 “(2) CONDITIONS FOR GRANT.—A State may
18 receive a grant under paragraph (1) for a fiscal year
19 only if the State meets the conditions described in
20 this title for the State for the fiscal year.

21 “(b) ADMINISTRATOR OF FEDERAL PROGRAM.—The
22 Secretary shall carry out this title acting through the
23 Commissioner of the Rehabilitation Services Administra-
24 tion, except as indicated otherwise.

1 “(c) RULE OF CONSTRUCTION.—The purpose speci-
2 fied in section 100 shall be carried out only in accordance
3 with the other provisions of this title.

4 “(d) FUNDING.—

5 “(1) AUTHORIZATION OF APPROPRIATIONS.—
6 For the purpose of carrying out this title, there are
7 authorized to be appropriated such sums as may be
8 necessary for each of the fiscal years 1999 through
9 2002, except that the amount to be appropriated for
10 a fiscal year shall not be less than the amount of the
11 appropriation under this subsection for the imme-
12 diately preceding fiscal year, plus the amount of the
13 Consumer Price Index addition determined under
14 paragraph (2) for the immediately preceding fiscal
15 year.

16 “(2) ADJUSTMENTS PURSUANT TO CONSUMER
17 PRICE INDEX.—

18 “(A) Not later than November 15 of each
19 fiscal year, the Secretary of Labor shall publish
20 in the Federal Register the percentage change
21 in the Consumer Price Index published for Oc-
22 tober of the preceding fiscal year and October
23 of the fiscal year in which such publication is
24 made.

1 “(B) If in any fiscal year the percentage
2 change published under subparagraph (A) indi-
3 cates an increase in the Consumer Price Index,
4 then the amount to be appropriated under para-
5 graph (1) for the subsequent fiscal year shall be
6 at least the amount appropriated for the fiscal
7 year in which the publication is made under
8 subparagraph (A) increased by such percentage
9 change.

10 “(C) If in any fiscal year the percentage
11 change published under subparagraph (A) does
12 not indicate an increase in the Consumer Price
13 Index, then the amount to be appropriated
14 under paragraph (1) for the subsequent fiscal
15 year shall be at least the amount appropriated
16 for the fiscal year in which the publication is
17 made under subparagraph (A).

18 “(D) For purposes of this paragraph, the
19 term ‘Consumer Price Index’ means the
20 Consumer Price Index for All Urban Consum-
21 ers, published monthly by the Bureau of Labor
22 Statistics.

23 “(3) AUTOMATIC EXTENSION OF AUTHORIZA-
24 TION.—

1 “(A) Unless, in the regular session that
2 ends prior to the beginning of the last fiscal
3 year for which an authorization of appropria-
4 tions is provided in paragraph (1), legislation
5 has been enacted that has the effect of extend-
6 ing such authorization, such authorization is
7 automatically extended for one additional year.

8 “(B) The amount authorized to be appro-
9 priated for the additional fiscal year described
10 in subparagraph (A) shall be an amount equal
11 to the amount appropriated for such program
12 for fiscal year 2002, plus the amount of the
13 Consumer Price Index addition determined
14 under paragraph (2) for the immediately pre-
15 ceding fiscal year.

16 “(C) In any case where the Commissioner
17 is required under an applicable statute to carry
18 out certain acts or make certain determinations
19 that are necessary for the continuation of the
20 program authorized by this title, and such acts
21 or determinations are required during the last
22 fiscal year for which an authorization of appro-
23 priations is provided in paragraph (1), such
24 acts and determinations shall be required dur-

1 ing any fiscal year for which subparagraph (A)
2 is in operation.

3 **“SEC. 102. ALLOCATION WITHIN STATE OF ADMINISTRA-**
4 **TIVE RESPONSIBILITIES.**

5 “(a) IN GENERAL.—For purposes of section 101(a),
6 a State will—

7 “(1) subject to subsection (b), reserve not more
8 than 20 percent of the grant under such section for
9 the fiscal year involved for carrying out the respon-
10 sibilities of a State administrative agent under sec-
11 tion 103; and

12 “(2) reserve not less than 80 percent of the
13 grant for carrying out the responsibilities under sec-
14 tion 104 of local workforce development boards and
15 integrated career center systems with respect to
16 workforce development areas.

17 “(b) ADDITIONAL STATE RESPONSIBILITIES.—
18 Amounts reserved by a State under subsection (a)(1) may
19 be expended by the State administrative agent to carry
20 out responsibilities that otherwise would be carried out
21 under section 104 by local workforce development boards
22 or integrated career center systems, if the State deter-
23 mines that such expenditures are justified to make avail-
24 able goods and services that could not otherwise be ob-
25 tained within a local workforce development area, to pro-

1 vide services to individuals unable to utilize the integrated
2 career center systems, or to otherwise ensure the efficient
3 and equitable provision in the State of services under this
4 title, including the provision of services for individuals in
5 rural areas.

6 “(c) CERTAIN DEFINITIONS.—For purposes of this
7 Act, the terms ‘State administrative agent’, ‘local
8 workforce development area’, ‘local workforce development
9 board’, and ‘integrated career center’ have the meanings
10 given such terms in sections 105 through 108, respec-
11 tively, of the Consolidated and Reformed Education, Em-
12 ployment, and Rehabilitation Systems Act.

13 **“SEC. 103. RESPONSIBILITIES OF STATE ADMINISTRATIVE**
14 **AGENT.**

15 “(a) STATE ADMINISTRATIVE AGENT.—In carrying
16 out the requirements of the Consolidated and Reformed
17 Education, Employment, and Rehabilitation Systems Act,
18 a Governor may designate—

19 “(1) one State administrative agent to be re-
20 sponsible for carrying out this title for individuals
21 who are blind; and

22 “(2) a different State administrative agent to
23 carry out the remaining responsibilities in this title.

1 “(b) RESPONSIBILITIES.—For purposes of section
2 101(a) and the operation in a State of the program under
3 this title:

4 “(1) This subsection, and the subsequent provi-
5 sions of this section, will be carried out by State ad-
6 ministrative agents designated by the Governor in
7 accordance with subsection (a), through the collabo-
8 rative process established under section 103 of the
9 Consolidated and Reformed Education, Employment,
10 and Rehabilitation Systems Act.

11 “(2)(A) The State will provide to the public an
12 explanation of the methods by which the State will
13 provide vocational rehabilitation services (as defined
14 in section 104(b))—

15 “(i) to all eligible individuals (as defined in
16 section 105(d)); and

17 “(ii) within all local workforce delivery
18 areas in the State.

19 “(B) In the event that such services cannot be
20 provided to all eligible individuals who apply for the
21 services, the State will show and provide the jus-
22 tification for the order to be followed in selecting in-
23 dividuals to whom the services will be provided.

24 “(C) The order of selection under subparagraph
25 (B) will be determined on the basis of serving first

1 those individuals with the most severe disabilities, in
2 accordance with criteria established by the State.

3 “(3) The State will establish guidelines provid-
4 ing that, in the case of an individual to whom the
5 State will provide a service (in accordance with the
6 order of selection under paragraph (2) and the as-
7 sessment of needs under section 104(c)(1)), the indi-
8 vidual will have the option of receiving the service
9 from a provider designated by the center or from a
10 provider selected by the individual pursuant to ca-
11 reer grants under subsection (c).

12 “(4) Pursuant to section 109 of the Consoli-
13 dated and Reformed Education, Employment, and
14 Rehabilitation Systems Act, the State will make sig-
15 nificant efforts to encourage the participation in the
16 State program of community-based private provid-
17 ers, with special consideration given to providers
18 who have received funds under this Act regarding
19 projects with industry or supported employment
20 services, or under the Act commonly known as the
21 Javits-Wagner-O’Day Act (41 U.S.C. 46 et seq.) for
22 employment and training services.

23 “(5) The State will establish provisions to gov-
24 ern determinations under section 105 (relating to
25 the eligibility of individuals).

1 “(6) The State will establish standards to gov-
2 ern the conduct under section 104(c)(1) of assess-
3 ments of need, including the development of a meth-
4 odology that will be applied in a reasonably uniform
5 manner to all individuals for whom such assessments
6 are conducted, and that (subject to the order of se-
7 lection under paragraph (2)) will be designed to pre-
8 vent substantial disparities, among individuals with
9 comparable circumstances, in the monetary value of
10 the services to be provided pursuant to the assess-
11 ments.

12 “(7)(A) The State will establish procedures
13 through which an individual may request and obtain
14 an impartial review, utilizing an impartial hearing
15 officer, of whether standards for determinations of
16 eligibility for services, assessments of vocational re-
17 habilitation needs, and development of individualized
18 rehabilitation and employment plans under this title
19 were correctly applied to the individual by the inte-
20 grated career center system involved.

21 “(B) The State will designate a number of days
22 (applied uniformly to all individuals) within which
23 review under subparagraph (A) will be conducted
24 once a request for such review is made by an indi-
25 vidual, subject to subparagraph (C).

1 “(C)(i) The State will provide that there may
2 be an informal hearing, mediation, or alternatives to
3 such review, if agreed upon by the individual and the
4 integrated career center system involved.

5 “(ii) The State will provide that if, in a process
6 utilized under clause (i) by an individual, there is
7 not a final disposition of the matter involved, review
8 under subparagraph (A) will remain available to the
9 individual.

10 “(8) The State will ensure that vocational reha-
11 bilitation services under this title, and related core
12 services, are provided by personnel who are qualified
13 to provide the services involved. For purposes of the
14 preceding sentence, the term ‘core services’ has the
15 meaning indicated for such term under title I of the
16 Consolidated and Reformed Education, Employment,
17 and Rehabilitation Systems Act.

18 “(9) The State will establish plans, policies, and
19 procedures to be followed in carrying out the pro-
20 gram under this title in the State (including enter-
21 ing into a formal interagency cooperative agreement
22 with education officials responsible for the provision
23 of a free appropriate public education to students
24 who are individuals with disabilities). The State will

1 ensure that such plans, policies, and procedures are
2 designed in accordance with the following:

3 “(A)(i) To facilitate the development and
4 accomplishment of the goals and objectives de-
5 scribed in clause (ii) (including the specification
6 of plans for coordination with the educational
7 agencies in the provision of transition services),
8 to the extent that the goals and objectives are
9 included in an individualized education program
10 of a student.

11 “(ii) The goals and objectives referred to
12 in clause (i) are long-term rehabilitation goals;
13 intermediate rehabilitation objectives; and goals
14 and objectives related to enabling a student to
15 live independently before the student leaves a
16 school setting.

17 “(B) To facilitate the transition from the
18 provision of a free appropriate public education
19 under the responsibility of an educational agen-
20 cy to the provision of vocational rehabilitation
21 services under this title, including the specifica-
22 tion of plans for coordination with educational
23 agencies in the provision of transition services
24 to an individual.

25 “(C) To provide for—

1 “(i) provisions for determining State
2 lead agencies and qualified personnel re-
3 sponsible for transition services;

4 “(ii) procedures for outreach to and
5 identification of youth in need of such
6 services; and

7 “(iii) a timeframe for evaluation and
8 follow-up of youth who have received such
9 services.

10 “(10) The State will provide for coordination
11 and working relationships with the Statewide Inde-
12 pendent Living Council established under section
13 705 and independent living centers within the State.

14 “(11) The State will provide for interagency co-
15 operation with, and the utilization of the services
16 and facilities of, the State agencies administering
17 the State’s public assistance programs, and other
18 programs for individuals with disabilities.

19 “(12) With respect to the integrated career cen-
20 ter system operated pursuant to section 104, the
21 State will provide for the appropriate training of the
22 management and staff of the centers regarding the
23 effective provision of services to individuals with dis-
24 abilities.

1 “(13) The State will provide technical assist-
2 ance to local boards, integrated career center sys-
3 tems, and providers relating to the effective provi-
4 sion of vocational rehabilitation services under this
5 title, including the effective development of individ-
6 ualized rehabilitation and employment plans, and
7 will ensure that such technical assistance is provided
8 through appropriate means.

9 “(c) AVAILABILITY OF CAREER GRANTS SYSTEM RE-
10 GARDING SERVICES.—For purposes of section 101(a) and
11 the operation in a State of the program under this title:

12 “(1) The State will provide for the establish-
13 ment of a system to carry out this subsection.

14 “(2) In the case of an eligible individual who
15 (in accordance with the order of selection under sub-
16 section (b)(2) and the assessment of needs under
17 section 105(b)(2)(A)) will receive vocational rehabili-
18 tation services under this title, the integrated career
19 center involved will, upon request of the individual,
20 provide to the individual career grants in accordance
21 with this subsection.

22 “(3) Career grants under this subsection will
23 enable such individual to obtain the vocational reha-
24 bilitation services involved from providers selected by
25 the individual from among a list of providers ap-

1 proved by the State for such purpose in accordance
2 with section 109 of the Consolidated and Reformed
3 Education, Employment, and Rehabilitation Systems
4 Act.

5 “(4) The monetary value of a career grant pro-
6 vided to the individual for a particular type of serv-
7 ice will be calculated at a fair market value.

8 “(5) To the extent practicable, the list of pro-
9 viders under paragraph (3) will provide for the avail-
10 ability within each local workforce development area
11 of a broad range of services.

12 “(6) The aggregate value of the career grants
13 available to the individual will be established in pro-
14 portion to the degree of the individual’s need for re-
15 habilitation (as determined under section 104(c)(1)).
16 Such value regarding the individuals may be ad-
17 justed to address emerging needs that arise during
18 the course of the individual’s rehabilitation and em-
19 ployment program.

20 “(d) STATE OPTIONS.—With respect to compliance
21 with this section, a State may, in the discretion of the
22 State, expend a grant under section 101 for the following:

23 “(1) To disseminate findings from research re-
24 garding vocational rehabilitation services, after con-
25 sideration of requests from local workforce develop-

1 ment boards and integrated career center systems
2 regarding the types of information needed by such
3 boards and centers.

4 “(2) To conduct demonstration projects regard-
5 ing improvements with respect to vocational rehabili-
6 tation services, subject to providing the results of
7 such projects to the Commissioner and as appro-
8 priate disseminating the results within the State.

9 **“SEC. 104. RESPONSIBILITIES FOR LOCAL BOARDS AND**
10 **SERVICE CENTERS.**

11 “(a) PROVISION OF VOCATIONAL REHABILITATION
12 SERVICES.—For purposes of section 101(a) and the oper-
13 ation in a State of the program under this title:

14 “(1) This section will be carried out by the inte-
15 grated career center system in the State, with each
16 such center acting under the guidance of the local
17 workforce development board for the local workforce
18 area within which the integrated career center sys-
19 tem operates. Such centers will provide services
20 under this section directly or through contract.

21 “(2) In accordance with the order of selection
22 under section 103(b)(2), an integrated career center
23 system will, in expending amounts provided to the
24 center from a grant under section 101, carry out the
25 following:

1 “(A) Make determinations under section
2 105 of the eligibility of individuals for voca-
3 tional rehabilitation services (as defined in sub-
4 section (b)).

5 “(B) Provide for vocational rehabilitation
6 services for eligible individuals.

7 “(C) In the case of individuals with severe
8 disabilities, conduct outreach and intake activi-
9 ties for such individuals who are not able to di-
10 rectly access the integrated career center sys-
11 tem because of the nature of their disabilities.

12 “(3) An integrated career center system will, in
13 expending amounts provided to the center from a
14 grant under section 101, make vocational rehabilita-
15 tion services available at a variety of locations and,
16 as appropriate for particular populations, in a vari-
17 ety of environments.

18 “(b) DEFINITION.—For purposes of this title, the
19 term ‘vocational rehabilitation services’ means such goods
20 or services for eligible individuals as are—

21 “(1) necessary to render the individuals employ-
22 able and achieve an employment outcome; and

23 “(2) provided in response to needs that arise, to
24 a significant extent, from the disability involved and
25 do not duplicate, to any significant extent, the core

1 services available under title I of the Consolidated
2 and Reformed Education, Employment, and Reha-
3 bilitation Systems Act.

4 “(c) CERTAIN SERVICES.—For purposes of section
5 101(a), the vocational rehabilitation services available
6 through integrated career center systems will include the
7 following:

8 “(1) An assessment of the needs of eligible indi-
9 viduals for such services.

10 “(2) Development, in accordance with section
11 105(b)(2), of an individualized rehabilitation and
12 employment plan for the purpose of identifying em-
13 ployment goals, appropriate intermediate rehabilita-
14 tion objectives, and an appropriate combination of
15 goods and services for the individual to achieve the
16 employment goals.

17 “(3) Counseling, guidance, and work-related
18 placement services for individuals with disabilities,
19 including job search assistance, placement assist-
20 ance, job retention services, personal assistance serv-
21 ices, and follow-up, follow-along, and specific
22 postemployment services necessary to assist such in-
23 dividuals to maintain, regain, or advance in employ-
24 ment.

1 “(4) Vocational and other training services for
2 individuals with disabilities, including personal and
3 vocational adjustment, books, or other training ma-
4 terials, and such services to the families of such in-
5 dividuals as are necessary to the adjustment or reha-
6 bilitation of such individuals.

7 “(5) Rehabilitation technology services.

8 “(6) Supported employment services.

9 “(7) Physical and mental restoration services.

10 “(8) Interpreter services for individuals who are
11 deaf, and reader services for individuals who are
12 blind.

13 “(9) Rehabilitation teaching services and ori-
14 entation and mobility services for individuals who
15 are blind.

16 “(10) Referral and other services designed to
17 assist individuals with disabilities in securing needed
18 services from other agencies through agreements de-
19 veloped under section 103(b)(10), if such services
20 are not available under this Act.

21 “(11) Transportation in connection with the
22 rendering of any vocational rehabilitation service.

23 “(12) Telecommunications, sensory, and other
24 technological aids and devices.

1 “(13) On-the-job, or other related personal-as-
2 sistance services, provided while eligible individuals
3 are receiving other vocational rehabilitation services
4 under this title.

5 “(d) CERTAIN ARRANGEMENTS.—For purposes of
6 section 101(a), an integrated career center system will,
7 with respect to the provision of vocational rehabilitation
8 services to individuals with the most severe disabilities,
9 provide for necessary arrangements with community-based
10 providers, including arrangements regarding supported
11 employment services and extended services, periodic re-
12 views of individuals placed in extended employment, and
13 services to promote movement from extended employment
14 to integrated employment.

15 “(e) OPTIONAL PROVISION OF OTHER SERVICES.—
16 For purposes of this title, an integrated career center sys-
17 tem may provide such vocational rehabilitation services in
18 addition to the services specified in subsection (c) as the
19 center determines to be appropriate.

20 “(f) ALLOCATION FOR CORE SERVICES.—For pur-
21 poses of section 101(a):

22 “(1) With respect to a fiscal year, a local
23 workforce development board receiving amounts
24 from a grant under section 101 will reserve an
25 amount for the provision of core services under title

1 I of the Consolidated and Reformed Education, Em-
2 ployment, and Rehabilitation Systems Act.

3 “(2) The amount so reserved will be based on
4 the number of eligible individuals with disabilities in
5 the local workforce development area and the costs
6 of training employees of the integrated career center
7 system to provide high-quality services to individuals
8 with disabilities.

9 “(g) PERFORMANCE PAYMENTS REGARDING CAREER
10 GRANTS.—For purposes of section 101(a):

11 “(1) The local workforce development board in-
12 volved will ensure that, in providing for the payment
13 of services provided pursuant to career grants, a
14 portion of the total payment is withheld from the
15 provider until the delivery of the services involved is
16 completed in reasonable accordance with the out-
17 come designated for the service pursuant to a prior
18 understanding with the provider.

19 “(2) In the case of education, training, and
20 placement services that are designed to lead to an
21 employment outcome, a portion of the total payment
22 will be withheld from the provider until—

23 “(A) the participant has successfully com-
24 pleted the training; and

1 “(B) the participant has been employed,
2 and has retained employment for a period of
3 not less than 90 days.

4 “(h) PAYOR OF LAST RESORT REGARDING MEDICAL
5 SERVICES AND EDUCATIONAL ASSISTANCE.—For pur-
6 poses of section 101(a), a State will not expend a grant
7 under section 101 to pay for training services in institu-
8 tions of higher education, or to pay for medical services,
9 unless significant efforts have been made to secure pay-
10 ments, in whole or in part, from other sources, except that
11 such efforts are not required if making the efforts would
12 delay the provision of such services to any eligible individ-
13 ual who is at extreme medical risk, or if making the efforts
14 would result in the loss of a job placement that (but for
15 the efforts) would be immediately available to an eligible
16 individual.

17 **“SEC. 105. ELIGIBLE INDIVIDUAL.**

18 “(a) IN GENERAL.—For purposes of section 101:

19 “(1) An individual will not receive vocational re-
20 habilitation services under this title unless the indi-
21 vidual—

22 “(A) is an individual with a disability
23 under section 7(8)(A); and

1 “(B) requires vocational rehabilitation
2 services to prepare for, enter, engage in, or re-
3 tain gainful employment.

4 “(2) If the individual has a disability or is blind
5 as determined pursuant to title II or title XVI of the
6 Social Security Act, the individual will be considered
7 to have—

8 “(A) a physical or mental impairment
9 which for such individual constitutes or results
10 in a substantial impediment to employment
11 under section 7(8)(A)(i); and

12 “(B) a severe physical or mental impair-
13 ment which seriously limits one or more func-
14 tional capacities in terms of an employment
15 outcome under section 7(15)(A)(i).

16 “(3) It will be presumed that an individual can
17 benefit in terms of an employment outcome from vo-
18 cational rehabilitation services for purposes of sec-
19 tion 7(8)(A)(ii), unless the integrated career center
20 system involved can demonstrate by clear and con-
21 vincing evidence that such individual is incapable of
22 benefiting from vocational rehabilitation services in
23 terms of an employment outcome.

24 “(b) PROCESS.—For purposes of section 101(a), a
25 State will ensure that, subject to the order of selection

1 under section 102(b)(2), the following applies to an indi-
2 vidual:

3 “(1) Once the individual makes a request in
4 person for a determination of eligibility:

5 “(A) A qualified rehabilitation adviser will
6 be made available to the individual regarding
7 the process of obtaining services under this
8 title.

9 “(B) An initial interview will be conducted,
10 followed by an initial assessment.

11 “(C) A final determination will be made
12 not later than 30 days after the request (sub-
13 ject to the cooperation of the individual in the
14 process of determination).

15 “(D) The determination of eligibility will
16 be based on the review of existing data de-
17 scribed in clause (i) of section 7(22)(A), and, to
18 the extent necessary, the preliminary assess-
19 ment described in clause (ii) of such section.

20 “(E) If it is determined that the individual
21 is not an eligible individual, the individual will
22 be provided a written statement explaining the
23 following:

24 “(i) The basis of the determination.

1 “(ii) The availability of impartial re-
2 view under section 103(b)(7).

3 “(iii) The availability of services
4 under the client assistance program under
5 section 510.

6 “(2)(A) If it is determined that the individual
7 is an eligible individual—

8 “(i) the needs of the individual for voca-
9 tional rehabilitation services will be assessed;
10 and

11 “(ii) subject to subparagraph (D), an indi-
12 vidualized rehabilitation and employment plan
13 will be developed for the individual regarding
14 the provision of services pursuant to clause (i).

15 “(B) The plan under subparagraph (A) will be
16 developed and mutually agreed upon by the individ-
17 ual and an appropriate staff member of the inte-
18 grated career center system involved.

19 “(C) A plan under subparagraph (A) is individ-
20 ualized if the plan is consistent with the unique
21 strengths, resources, priorities, concerns, abilities,
22 and capabilities of the individual for whom the plan
23 is developed.

1 “(D) A plan under subparagraph (A) is not re-
2 quired for an individual if the individual signs a
3 waiver stating that such a plan is not necessary for
4 the individual.

5 “(c) RULE OF CONSTRUCTION.—This title may not
6 be construed as establishing an entitlement in any individ-
7 ual.

8 “(d) DEFINITION.—For purposes of this title, the
9 term ‘eligible individual’ means an individual described in
10 subsection (a)(1).

11 **“SEC. 106. STATE REHABILITATION ADVISORY COUNCIL.**

12 “(a) IN GENERAL.—For purposes of section 101(a):

13 “(1) A State will establish a State Rehabilita-
14 tion Advisory Council (referred to in this section as
15 the ‘Council’) in accordance with this section.

16 “(2) The Council will be composed of the fol-
17 lowing:

18 “(A) Representatives of organizations with-
19 in the State providing services to individuals
20 with disabilities and their families, including
21 representatives of the client assistance program
22 under section 510.

23 “(B) Representatives of business, industry,
24 and labor.

1 “(C) Representatives of disability advocacy
2 groups representing a cross section of—

3 “(i) individuals with physical, cog-
4 nitive, sensory, and mental disabilities; and

5 “(ii) parents, family members, guard-
6 ians, advocates, or authorized representa-
7 tives, of individuals with disabilities who
8 have difficulty in representing themselves
9 or are unable due to their disabilities to
10 represent themselves.

11 “(3) The State administrative agent will be an
12 ex officio member of the Council.

13 “(4) Members of the Council will be appointed
14 by the Governor or another entity that has appoint-
15 ment authority under State law.

16 “(5) A majority of Council members will be per-
17 sons who are—

18 “(A) individuals with disabilities described
19 in section 7(8)(B); and

20 “(B) not employed by the designated State
21 administrative agent.

22 “(6)(A) Except as provided in subparagraph
23 (B), the Council will select a chairperson from
24 among the membership of the Council.

1 “(B) In States in which the Governor does not
2 have veto power pursuant to State law, the Governor
3 will designate a member of the Council to serve as
4 the chairperson of the Council or will require the
5 Council to so designate such a member.

6 “(7) Each member of the Council will serve for
7 a term determined by the Governor or another entity
8 that has appointment authority under State law.

9 “(8) Any vacancy occurring in the membership
10 of the Council will be filled in the same manner as
11 the original appointment. The vacancy will not affect
12 the power of the remaining members to execute the
13 duties of the Council.

14 “(b) FUNCTIONS OF COUNCIL.—For purposes of sec-
15 tion 101(a), the Council will carry out the following:

16 “(1) Advise the collaborative process under sec-
17 tion 103 of the Consolidated and Reformed Edu-
18 cation, Employment, and Rehabilitation Systems
19 Act, and the State administrative agent, in the prep-
20 aration of the State workforce development and lit-
21 eracy plan and other plans, reports, needs assess-
22 ments, and evaluations required by this title.

23 “(2) To the extent feasible, conduct a review
24 and analysis of the effectiveness of, and consumer
25 satisfaction with, the delivery of core services and

1 vocational rehabilitation services to individuals with
2 disabilities within the State.

3 “(3) Prepare and submit an annual report to
4 the collaborative process or appropriate State admin-
5 istrative agent and the Commissioner on the status
6 of vocational rehabilitation programs operated within
7 the State, and make the report available to the pub-
8 lic.

9 “(4) Coordinate with other councils within the
10 State established to address the needs of individuals
11 with disabilities.

12 “(5) Perform such other functions, consistent
13 with the purpose of this title, as the State Rehabili-
14 tation Advisory Council determines to be appro-
15 priate, that are comparable to the other functions
16 performed by the Council.

17 “(c) RESOURCES.—

18 “(1) PLAN.—For purposes of section 101(a),
19 the Council will prepare, in conjunction with the
20 State administrative agent, a plan for the provision
21 of such resources, including such staff and other
22 personnel, as may be necessary to carry out the
23 functions of the Council under this section. The re-
24 source plan shall, to the maximum extent possible,

1 rely on the use of resources in existence during the
2 period of implementation of the plan.

3 “(2) RESOLUTION OF DISAGREEMENTS.—For
4 purposes of section 101(a), to the extent that there
5 is a disagreement between the Council and the State
6 administrative agent in regard to the resources nec-
7 essary to carry out the functions of the Council as
8 set forth in this section, the disagreement will be re-
9 solved by the Governor or appointing agency identi-
10 fied in subsection (a)(4).

11 “(3) SUPERVISION AND EVALUATION.—For
12 purposes of section 101(a), the Council will, consist-
13 ent with State law, supervise and evaluate such staff
14 and other personnel as may be necessary to carry
15 out its functions under this section.

16 “(4) PERSONNEL CONFLICT OF INTEREST.—
17 For purposes of section 101(a), while assisting the
18 Council in carrying out its duties, staff and other
19 personnel will not be assigned duties by the State
20 administrative agent or any other agency or office of
21 the State, that would create a conflict of interest.

22 “(d) CONFLICT OF INTEREST.—For purposes of sec-
23 tion 101(a), no member of the Council will cast a vote
24 on any matter that would provide direct financial benefit

1 to the member or otherwise give the appearance of a con-
2 flict of interest under State law.

3 “(e) MEETINGS.—For purposes of section 101(a), the
4 Council will convene meetings and conduct such forums
5 or hearings as the Council considers appropriate. The
6 meetings, hearings, and forums will be publicly an-
7 nounced. The meetings will be open and accessible to the
8 general public unless there is a valid reason for an execu-
9 tive session.

10 “(f) COMPENSATION AND EXPENSES.—For purposes
11 of section 101(a), the Council may use funds appropriated
12 under this title to reimburse members of the Council for
13 reasonable and necessary expenses of attending Council
14 meetings and performing Council duties (including child
15 care and personal assistance services), and to pay com-
16 pensation to a member of the Council, if such member is
17 not employed or must forfeit wages from other employ-
18 ment, for each day the member is engaged in performing
19 the duties of the Council.

20 “(g) RULE OF CONSTRUCTION.—Nothing in this sec-
21 tion prohibits a State from establishing and providing
22 funds to a separate council to carry out functions de-
23 scribed in subsection (b) with respect to vocational reha-
24 bilitation services for individuals who are blind.

1 **“SEC. 107. AMOUNT OF ALLOTMENT.**

2 “(a)(1) Subject to the provisions of subsection (d),
3 for each fiscal year beginning before October 1, 1978, each
4 State shall be entitled to an allotment of an amount bear-
5 ing the same ratio to the amount authorized to be appro-
6 priated under section 101(d) for allotment under this sec-
7 tion as the product of (A) the population of the State,
8 and (B) the square of its allotment percentage, bears to
9 the sum of the corresponding products for all the States.

10 “(2)(A) For each fiscal year beginning on or after
11 October 1, 1978, each State shall be entitled to an allot-
12 ment in an amount equal to the amount such State re-
13 ceived under paragraph (1) for the fiscal year ending Sep-
14 tember 30, 1978, and an additional amount determined
15 pursuant to subparagraph (B) of this paragraph.

16 “(B) For each fiscal year beginning on or after Octo-
17 ber 1, 1978, each State shall be entitled to an allotment,
18 from any amount authorized to be appropriated for such
19 fiscal year under section 101(d) for allotment under this
20 section in excess of the amount appropriated under such
21 section for the fiscal year ending September 30, 1978, in
22 an amount equal to the sum of—

23 “(i) an amount bearing the same ratio to 50
24 percent of such excess amount as the product of the
25 population of the State and the square of its allot-

1 ment percentage bears to the sum of the correspond-
2 ing products for all the States; and

3 “(ii) an amount bearing the same ratio to 50
4 percent of such excess amount as the product of the
5 population of the State and its allotment percentage
6 bears to the sum of the corresponding products for
7 all the States.

8 “(3) The sum of the payment to any State (other
9 than Guam, American Samoa, the Virgin Islands, and the
10 Northern Mariana Islands) under this subsection for any
11 fiscal year which is less than one-third of 1 percent of the
12 amount appropriated under section 101(d), or \$3,000,000,
13 whichever is greater, shall be increased to that amount,
14 the total of the increases thereby required being derived
15 by proportionately reducing the allotment to each of the
16 remaining such States under this subsection, but with
17 such adjustments as may be necessary to prevent the sum
18 of the allotments made under this subsection to any such
19 remaining State from being thereby reduced to less than
20 that amount.

21 “(4) For each fiscal year beginning on or after Octo-
22 ber 1, 1984, for which any amount is appropriated pursu-
23 ant to section 101(d), each State shall receive an alloca-
24 tion (from such appropriated amount) in addition to the
25 allotment to which such State is entitled under paragraphs

1 (2) and (3) of this subsection. Such additional allocation
2 shall be an amount which bears the same ratio to the
3 amount so appropriated as that State's allotment under
4 paragraphs (2) and (3) of this subsection bears to the sum
5 of such allotments of all the States.

6 “(b)(1) If the payment to a State pursuant to this
7 section for a fiscal year is less than the total payments
8 such State received under section 2 of the Rehabilitation
9 Act for the fiscal year ending June 30, 1973, such State
10 shall be entitled to an additional payment (subject to the
11 same terms and conditions applicable to other payments
12 under this title) equal to the difference between the pay-
13 ment under this section and the amount so received by
14 it.

15 “(2) If a State receives as its Federal share pursuant
16 to this section for any fiscal year less than the applicable
17 Federal share of the expenditure of such State for fiscal
18 year 1972 for vocational rehabilitation services under the
19 plan for such State approved under section 101 as in ef-
20 fect for such year (including any amount expended by such
21 State for the administration of the State plan but exclud-
22 ing any amount expended by such State from non-Federal
23 sources for construction under such plan), such State shall
24 be entitled to an additional payment for such fiscal year,
25 subject to the same terms and conditions applicable to

1 other payments under this title, equal to the difference
2 between such payment pursuant to this section and an
3 amount equal to the applicable Federal share of such ex-
4 penditure for vocational rehabilitation services.

5 “(3) Any payment attributable to the additional pay-
6 ment to a State under this subsection shall be made only
7 from appropriations specifically made to carry out this
8 subsection, and such additional appropriations are hereby
9 authorized.

10 **“SEC. 108. STATE OPTION FOR WAIVERS REGARDING AL-**
11 **TERNATIVE DELIVERY SYSTEMS.**

12 “(a) IN GENERAL.—In the case of the requirements
13 specified in subsection (b), the Secretary shall provide to
14 a State a waiver of such requirements as the State elects,
15 if (subject to the other provisions of this section) the fol-
16 lowing conditions are met:

17 “(1) The Governor, through the collaborative
18 process under section 103 of the Consolidated and
19 Reformed Education, Employment, and Rehabilita-
20 tion Systems Act, develops a proposed plan for alter-
21 native approaches (to be implemented by the State
22 in lieu of the requirements involved).

23 “(2) The proposal is approved by each local
24 workforce development board in whose local

1 workforce development area the proposal (or any
2 component of the proposal) is to be effective.

3 “(3) The local workforce development boards
4 involved, and the Governor, determine that the fol-
5 lowing conditions have been met:

6 “(A) The proposal will better fulfill the
7 purposes of this title than would compliance
8 with the requirements involved.

9 “(B) In the development of the alternative
10 approaches, the public was afforded a reason-
11 able opportunity to comment on the proposed
12 alternative approaches.

13 “(4) The Governor submits to the Secretary the
14 following documents:

15 “(A) A notification that the State is elect-
16 ing to receive a waiver under this section.

17 “(B) A copy of the plan involved.

18 “(C) Such documents as the Secretary
19 may require for purposes of verifying that the
20 conditions established in paragraphs (1)
21 through (3) have been met.

22 “(b) CERTAIN REQUIREMENTS REGARDING STATE
23 ADMINISTRATIVE STRUCTURE FOR DELIVERY OF SERV-
24 ICES.—The requirements referred to in subsection (a) are
25 as follows:

1 “(1) The allocation under section 102 of
2 amounts between State administrative agents and
3 local workforce development boards.

4 “(2) The allocation under sections 103 and 104
5 of responsibilities between State administrative
6 agents and local workforce development boards (in-
7 cluding the use of integrated career center systems
8 to provide vocational rehabilitation services).

9 “(3) The specification under section 103(a) of
10 the State officials who are to administer the require-
11 ments of section 103.

12 “(c) APPLICABILITY OF WAIVER; REVIEW AND REVI-
13 SION OF PLAN.—

14 “(1) APPLICABILITY.—A waiver under sub-
15 section (a) is effective for a fiscal year only if the
16 documents under paragraph (4) of such subsection
17 are submitted to the Secretary not later than 60
18 days before the beginning of the fiscal year.

19 “(2) REVIEW OF PLAN.—A waiver under sub-
20 section (a) is effective for such fiscal years as the
21 State involved elects, except that, not less than once
22 during each period of three fiscal years, the plan
23 under the waiver is required (as a condition of the
24 waiver remaining in effect) to be reviewed, and ap-
25 proved, by the Governor (through the collaborative

1 process referred to in such subsection) and by the
2 local workforce development boards involved.

3 “(3) REVISION OF PLAN.—The plan under a
4 waiver under subsection (a) may be revised. Such
5 subsection applies to such a revision to the same ex-
6 tent and in the same manner as the subsection ap-
7 plies to the original plan.

8 “(d) PERFORMANCE ACCOUNTABILITY SYSTEM.—A
9 waiver under subsection (a) for a State does not, with re-
10 spect to carrying out the program under this title in the
11 State, affect the applicability to the State of section 110
12 of the Consolidated and Reformed Education, Employ-
13 ment, and Rehabilitation Systems Act.”.

14 (b) CERTAIN FUNDING PROVISION.—Effective Octo-
15 ber 1, 1995, the Rehabilitation Act of 1973 (29 U.S.C.
16 701 et seq.) is amended by inserting after section 3 the
17 following section:

18 “AVAILABILITY OF FUNDS

19 “SEC. 3A. Notwithstanding any other provision of
20 law, funding to carry out titles II through VII for any
21 fiscal year is available only to such extent and in such
22 amounts as may be provided in advance in appropriations
23 Acts.”.

24 (c) CONFORMING AMENDMENTS.—Effective October
25 1, 1995, the Rehabilitation Act of 1973 (29 U.S.C. 701

1 et seq.) is amended in the table of contents in the first
2 section—

3 (1) by inserting after the item relating to sec-
4 tion 3 the following item:

“Sec. 3A. Availability of funds.”;

5 (2) by striking the items relating to sections
6 100 through 109, to sections 110 through 112, to
7 sections 120 through 124, to section 130, and to
8 sections 140 and 141;

9 (3) by striking the items relating to the title
10 designation and heading for title I, and to the part
11 designations and headings for parts A, B, C, D, and
12 E of title I;

13 (4) by inserting after the item relating to sec-
14 tion 21 the following items:

“TITLE I—VOCATIONAL REHABILITATION SERVICES

“Sec. 100. Purpose.

“Sec. 101. Formula grants.

“Sec. 102. Allocation within State of administrative responsibilities.

“Sec. 103. Responsibilities of State administrative agent.

“Sec. 104. Responsibilities for local boards and service centers.

“Sec. 105. Eligible individual.

“Sec. 106. State Rehabilitation Advisory Council.

“Sec. 107. Amount of allotment.

“Sec. 108. State option for waivers regarding alternative delivery systems.”;
and

15 (5) by inserting after the item relating to sec-
16 tion 509 the following item:

“Sec. 510. Client assistance program.”.

1 **Subtitle B—Other Amendments to**
2 **Rehabilitation Act of 1973**

3 **SEC. 521. TRAINING AND DEMONSTRATION PROJECTS.**

4 (a) IN GENERAL.—Effective October 1, 1995, the
5 Rehabilitation Act of 1973 (29 U.S.C. 701 et seq.) is
6 amended—

7 (1) in title III—

8 (A) by striking section 303;

9 (B) by striking section 304;

10 (C) in section 311—

11 (i) by striking subsections (c) and (f);

12 and

13 (ii) by redesignating subsections (d)

14 and (e) as subsections (c) and (d), respec-

15 tively;

16 (D) by striking section 312; and

17 (E) by striking section 316;

18 (2)(A) by transferring subsection (a) of section

19 802 from the current placement of the subsection;

20 (B) by redesignating such subsection as sub-
21 section (e); and

22 (C) by inserting such subsection at the end of
23 section 311 (as amended by paragraph (1)(C) of this
24 subsection);

1 (3)(A) by transferring subsection (g) of section
2 802 from the current placement of the subsection;

3 (B) by redesignating such subsection as sub-
4 section (f); and

5 (C) by inserting such subsection at the end of
6 section 311 (as amended by paragraph (2)(C) of this
7 subsection);

8 (4)(A) by transferring subsection (c) of section
9 803 from the current placement of the subsection;

10 (B) by redesignating such subsection as sub-
11 section (g); and

12 (C) by inserting such subsection at the end of
13 section 311 (as amended by paragraph (3)(C) of this
14 subsection);

15 (5)(A) by transferring subsection (b) of section
16 803 from the current placement of the subsection;

17 (B) by redesignating such subsection as sub-
18 section (j); and

19 (C) by inserting such subsection at the end of
20 section 302; and

21 (6) by striking the remaining provisions of title
22 VIII.

23 (b) CONFORMING AMENDMENTS.—Effective October
24 1, 1995, the Rehabilitation Act of 1973 (29 U.S.C. 701

1 et seq.) is amended in the table of contents in the first
2 section—

3 (1) by striking the items relating to sections
4 303, 304, 312, and 316;

5 (2) by striking the items relating to sections
6 801 through 803 of title VIII; and

7 (3) by striking the item relating to the title des-
8 ignation and heading for title VIII.

9 **SEC. 522. EMPLOYMENT OPPORTUNITIES FOR INDIVIDUALS**
10 **WITH DISABILITIES.**

11 (a) IN GENERAL.—Effective October 1, 1995, title VI
12 of the Rehabilitation Act of 1973 (29 U.S.C. 795 et seq.)
13 is amended—

14 (1) by striking part A;

15 (2) by striking part C;

16 (3) by striking part D; and

17 (4) in part B, by striking the part designation
18 and heading.

19 (b) PROJECTS WITH INDUSTRY.—Effective October
20 1, 1998, title VI of the Rehabilitation Act of 1973, as
21 amended by subsection (a) of this section, is repealed.

22 (c) CONFORMING AMENDMENTS.—Effective October
23 1, 1995, the Rehabilitation Act of 1973 (29 U.S.C. 701
24 et seq.) is amended in the table of contents in the first
25 section by striking the items relating to sections 611

1 through 617, to sections 631 through 638, and to section
2 641; and by striking the items relating to the part des-
3 ignations and headings for parts A, B, C, and D of title
4 VI. Effective October 1, 1998, such table of contents is
5 amended by striking the items relating to sections 621
6 through 623; and by striking the item relating to the title
7 designation and heading for title VI.

8 **SEC. 523. CERTAIN AMOUNTS.**

9 (a) AMOUNTS REGARDING FISCAL YEAR 1996.—
10 With respect to the aggregate amount that was available
11 for fiscal year 1995 as direct spending for carrying out
12 the programs under section 311(c), section 316, and part
13 C of title VI of the Rehabilitation Act of 1973 (as such
14 provisions were in effect for such fiscal year), an amount
15 equal to such aggregate amount is hereby made available
16 for fiscal year 1996 as direct spending for carrying out
17 title I of such Act (in addition to the amount of direct
18 spending that otherwise is available for such title I for
19 fiscal year 1996).

20 (b) AMOUNTS REGARDING FISCAL YEAR 1999.—
21 With respect to the amount made available in appropria-
22 tions Act for fiscal year 1998 for carrying out title VI
23 of the Rehabilitation Act of 1973 (as such title was in
24 effect for such fiscal year), an amount equal to such
25 amount is hereby made available for fiscal year 1999 as

1 direct spending for carrying out title I of such Act (in
2 addition to the amount of direct spending that otherwise
3 is available for such title I for fiscal year 1999).

4 **TITLE VI—HIGHER EDUCATION**
5 **PRIVATIZATION**

6 **SEC. 601. REORGANIZATION OF THE STUDENT LOAN MAR-**
7 **KETING ASSOCIATION THROUGH THE FOR-**
8 **MATION OF A HOLDING COMPANY.**

9 (a) AMENDMENT.—Part B of title IV of the Higher
10 Education Act of 1965 (20 U.S.C. 1071 et seq.) is amend-
11 ed by inserting after section 439 (20 U.S.C. 1087–2) the
12 following new section:

13 **“SEC. 440. REORGANIZATION OF THE STUDENT LOAN MAR-**
14 **KETING ASSOCIATION THROUGH THE FOR-**
15 **MATION OF A HOLDING COMPANY.**

16 “(a) ACTIONS BY THE ASSOCIATION’S BOARD OF DI-
17 RECTORS.—The Board of Directors of the Association
18 shall take or cause to be taken all such action as it deems
19 necessary or appropriate to effect, upon the shareholder
20 approval described in subsection (b), a restructuring of the
21 common stock ownership of the Association, as set forth
22 in a plan of reorganization adopted by the Board of Direc-
23 tors (the terms of which shall be consistent with this Act)
24 so that all of the outstanding common shares shall be di-
25 rectly owned by an ordinary business corporation char-

1 tered under State or District of Columbia law (the ‘Hold-
2 ing Company’), as the Board of Directors may determine.
3 Such actions may include, in the Board’s discretion, a
4 merger of a wholly owned subsidiary of the Holding Com-
5 pany with and into the Association, which would have the
6 effect provided in the plan of reorganization and the law
7 of the jurisdiction in which such subsidiary is incor-
8 porated. As part of the restructuring, the Board of Direc-
9 tors may cause (1) the common shares of the Association
10 to be converted, at the reorganization effective date, to
11 common shares of the Holding Company on a one for one
12 basis, consistent with applicable State or District of Co-
13 lumbia law, and (2) Holding Company common shares to
14 be registered with the Securities and Exchange Commis-
15 sion.

16 “(b) SHAREHOLDER APPROVAL.—The plan of reor-
17 ganization adopted by the Board of Directors pursuant to
18 subsection (a) shall be submitted to common stockholders
19 of the Association for their approval. The reorganization
20 shall occur at the reorganization effective date, provided
21 that the plan of reorganization has been approved by the
22 affirmative votes, cast in person or by proxy, of the holders
23 of a majority of the issued and outstanding shares of the
24 Association common stock.

25 “(c) TRANSITION.—

1 “(1) IN GENERAL.—Except as specifically pro-
2 vided in this section, until the dissolution date the
3 Association shall continue to have all of the rights,
4 privileges and obligations set forth in, and shall be
5 subject to all of the limitations and restrictions of,
6 section 439 of this Act as in effect on the effective
7 date of this section, and the Association shall con-
8 tinue to carry out the purposes of such section. The
9 Holding Company and its affiliates other than the
10 Association shall not be entitled to any of the rights,
11 privileges and obligations, and shall not be subject to
12 the limitations and restrictions, applicable to the As-
13 sociation under section 439 of this Act as in effect
14 on the effective date of this section, except as spe-
15 cifically provided in this section. The Holding Com-
16 pany and its subsidiaries (other than the Associa-
17 tion) shall not purchase loans insured under this Act
18 until such time as the Association ceases acquiring
19 such loans, except that the Association shall con-
20 tinue to acquire loans as a lender of last resort pur-
21 suant to section 439(q) of this Act or under an
22 agreement with the Secretary described in section
23 440(c)(6).

24 “(2) TRANSFER OF CERTAIN PROPERTY.—Ex-
25 cept as specifically provided in this section, at the

1 reorganization effective date or as soon as prac-
2 ticable thereafter, the Association shall use its best
3 efforts to transfer to the Holding Company or its
4 subsidiaries (or both), in each case, as directed by
5 the Holding Company, all real and personal property
6 of the Association (both tangible and intangible)
7 other than the remaining property. Without limiting
8 the preceding sentence, such transferred property
9 shall include all right, title and interest in (A) direct
10 or indirect subsidiaries of the Association (excluding
11 any interest in any government sponsored enter-
12 prise), (B) contracts, leases, and other agreements,
13 (C) licenses and other intellectual property, and (D)
14 any other property of the Association. Notwithstand-
15 ing the preceding provisions of this paragraph, noth-
16 ing in this paragraph shall be construed to prohibit
17 the Association from transferring remaining prop-
18 erty from time to time to the Holding Company or
19 its subsidiaries, subject to the provisions of para-
20 graph (4).

21 “(3) TRANSFER OF PERSONNEL.—At the reor-
22 ganization effective date, employees of the Associa-
23 tion shall become employees of the Holding Com-
24 pany (or of the subsidiaries), and the Holding Com-
25 pany (or the subsidiaries or both) shall provide all

1 necessary and appropriate management and oper-
2 ational support (including loan servicing) to the As-
3 sociation, as requested by the Association. The Asso-
4 ciation may, however, obtain such management and
5 operational support from other persons or entities.

6 “(4) DIVIDENDS.—The Association may pay
7 dividends in the form of cash or noncash distribu-
8 tions so long as at the time of the declaration of
9 such dividends, after giving effect to the payment of
10 such dividends as of the date of such declaration by
11 the Board of Directors of the Association, the Asso-
12 ciation’s capital would be in compliance with the
13 capital standards set forth in section 439(r) of this
14 Act. If, at any time after the reorganization effective
15 date, the Association fails to comply with such cap-
16 ital standards, the Holding Company shall be obli-
17 gated to transfer to the Association additional cap-
18 ital in such amounts as are necessary to ensure that
19 the Association again complies with the capital
20 standards.

21 “(5) VALUATION OF NONCASH DISTRIBUTU-
22 TIONS.—After the reorganization effective date, any
23 distribution of noncash assets by the Association to
24 the Holding Company shall be valued at book value
25 on the date the Association’s Board of Directors ap-

1 proved such distribution for purposes of calculating
2 compliance with section 439(r) of this Act.

3 “(6) RESTRICTIONS ON NEW BUSINESS ACTIV-
4 ITY OR ACQUISITION OF ASSETS BY ASSOCIATION.—
5 After the reorganization effective date, the Associa-
6 tion shall not engage in any new business activities
7 or acquire any additional program assets described
8 in section 439(d) of the Act other than—

9 “(A) in connection with (i) student loan
10 purchases through September 30, 2003, and (ii)
11 contractual commitments for future
12 warehousing advances or pursuant to letters of
13 credit or standby bond purchase agreements
14 which are outstanding as of the reorganization
15 effective date;

16 “(B) in connection with its serving as a
17 lender-of-last-resort pursuant to section 439 of
18 this Act; and

19 “(C) in connection with its purchase of
20 loans insured under this part, if the Secretary,
21 with the approval of the Secretary of the Treas-
22 ury, enters into an agreement with the Associa-
23 tion for the continuation or resumption of its
24 secondary market purchase program because

1 the Secretary determines there is inadequate li-
2 quidity for loans made under this part.

3 The Secretary is authorized to enter into an agree-
4 ment described in subparagraph (C) with the Asso-
5 ciation covering such secondary market activities.

6 Any agreement entered into under subparagraph (C)
7 shall cover a period of 12 months, but may be re-
8 newed if the Secretary determines that liquidity re-
9 mains inadequate. The fee provided under section
10 439(h)(7) shall not apply to loans acquired under
11 any such agreement with the Secretary.

12 “(7) ISSUANCE OF DEBT OBLIGATIONS DURING
13 THE TRANSITION PERIOD; ATTRIBUTES OF DEBT OB-
14 LIGATIONS.—After the reorganization effective date,
15 the Association shall not issue debt obligations which
16 mature later than September 30, 2007, except in
17 connection with serving as a lender-of-last-resort
18 pursuant to section 439 of this Act or with purchas-
19 ing loans under an agreement with the Secretary as
20 described in paragraph (6) of this subsection. Noth-
21 ing in this subsection shall modify the attributes ac-
22 corded the debt obligations of the Association by sec-
23 tion 439, regardless of whether such debt obligations
24 are incurred prior to, or at any time following, the

1 reorganization effective date or are transferred to a
2 trust in accordance with subsection (d).

3 “(8) MONITORING OF SAFETY AND SOUND-
4 NESS.—

5 “(A) OBLIGATION TO OBTAIN, MAINTAIN,
6 AND REPORT INFORMATION.—The Association
7 shall obtain such information and make and
8 keep such records as the Secretary of the
9 Treasury may from time to time prescribe con-
10 cerning (i) the financial risk to the Association
11 resulting from the activities of any of its associ-
12 ated persons, to the extent such activities are
13 reasonably likely to have a material impact on
14 the financial condition of the Association, in-
15 cluding its capital ratio, its liquidity, or its abil-
16 ity to conduct and finance its operations, and
17 (ii) the Association’s policies, procedures, and
18 systems for monitoring and controlling any
19 such financial risk. The Association’s obliga-
20 tions under this subsection with respect to any
21 associated person which is a third party servicer
22 (as defined in 34 C.F.R. 682.200(b)) shall be
23 limited to providing to the Secretary of the
24 Treasury copies of any reports or other infor-
25 mation provided to the Secretary of Education

1 pursuant to 34 C.F.R. 682.200 et seq. The Sec-
2 retary of the Treasury may require summary
3 reports of such information to be filed no more
4 frequently than quarterly. For purposes of this
5 paragraph, the term ‘associated person’ shall
6 mean any person, other than a natural person,
7 directly or indirectly controlling, controlled by,
8 or under common control with the Association.

9 “(B) SEPARATE OPERATION OF CORPORA-
10 TIONS.—

11 “(i) The funds and assets of the Asso-
12 ciation shall at all times be maintained
13 separately from the funds and assets of the
14 Holding Company or any of its other sub-
15 sidiaries and may be used solely by the As-
16 sociation to carry out its purposes and to
17 fulfill its obligations.

18 “(ii) The Association shall maintain
19 books and records that clearly reflect the
20 assets and liabilities of the Association,
21 separate from the assets and liabilities of
22 the Holding Company or any of its other
23 subsidiaries.

24 “(iii) The Association shall maintain a
25 corporate office that is physically separate

1 from any office of the Holding Company or
2 any of its subsidiaries.

3 “(iv) No director of the Association
4 that is appointed by the President pursu-
5 ant to section 439(c)(1)(A) may serve as a
6 director of the Holding Company.

7 “(v) At least one officer of the Asso-
8 ciation shall remain an officer solely of the
9 Association.

10 “(vi) Transactions between the Asso-
11 ciation and the Holding Company or its
12 other subsidiaries, including any loan serv-
13 icing arrangements, shall be on terms no
14 less favorable to the Association than the
15 Association could obtain from an unrelated
16 third party offering comparable services.

17 “(vii) The Association shall not extend
18 credit to the Holding Company or any of
19 its affiliates, nor guarantee or provide any
20 credit enhancement to any debt obligations
21 of the Holding Company or any of its af-
22 filiates.

23 “(viii) Any amounts collected on be-
24 half of the Association by the Holding
25 Company or any of its other subsidiaries

1 with respect to the assets of the Associa-
2 tion, pursuant to a servicing contract or
3 other arrangement between the Association
4 and the Holding Company or any of its
5 other direct or indirect subsidiaries, shall
6 be collected solely for the benefit of the As-
7 sociation and shall be immediately depos-
8 ited by the Holding Company or such
9 other subsidiary to an account under the
10 sole control of the Association.

11 “(C) ENCUMBRANCE OF ASSETS.—Not-
12 withstanding any otherwise applicable Federal
13 or State law, rule, or regulation, or legal or eq-
14 uitable principle, doctrine, or theory to the con-
15 trary, under no circumstances shall the assets
16 of the Association be available or used to pay
17 claims or debts of or incurred by the Holding
18 Company. Nothing in this subparagraph shall
19 limit the right of the Association to pay divi-
20 dends not otherwise prohibited hereunder or
21 limit any liability of the Holding Company ex-
22 plicitly provided for in this part.

23 “(D) HOLDING COMPANY ACTIVITIES.—
24 After the reorganization effective date and prior
25 to the dissolution of the Association in accord-

1 ance with section 440(d), Holding Company ac-
2 tivities shall be limited to ownership of the As-
3 sociation and any other subsidiaries. All busi-
4 ness activities shall be conducted through sub-
5 sidiaries.

6 “(9) ASSOCIATION BOARD OF DIRECTORS.—

7 Notwithstanding any other provision of part B of
8 this title, after the reorganization effective date, the
9 14 directors of the Association elected by the Asso-
10 ciation’s stockholders (which immediately after the
11 reorganization effective date shall be the Holding
12 Company) shall no longer be required to meet the
13 eligibility requirements set forth in section 439(c).

14 “(10) ISSUANCE OF STOCK WARRANTS.—At the

15 reorganization effective date, the Holding Company
16 shall issue to the Secretary of the Treasury 200,000
17 stock warrants, each entitling the holder of the stock
18 warrant to purchase from the Holding Company one
19 share of the registered common stock of the Holding
20 Company at any time on or before September 30,
21 2007. The exercise price for such warrants shall be
22 an amount equal to the average closing price of the
23 common stock of the Association for the 20 business
24 days prior to and including the date of enactment of
25 this section on the exchange or market which is then

1 the primary exchange or market for the common
2 stock of the Association, subject to any adjustments
3 necessary to reflect the conversion of Association
4 common stock into Holding Company common stock
5 as part of the plan of reorganization approved by
6 the Association's shareholders.

7 “(11) RESTRICTIONS ON TRANSFER OF ASSO-
8 CIATION SHARES AND BANKRUPTCY OF ASSOCIA-
9 TION.—After the reorganization effective date, the
10 Holding Company shall not sell, pledge, or otherwise
11 transfer the outstanding shares of the Association,
12 or agree to or cause the liquidation of the Associa-
13 tion or cause the Association to file a petition for
14 bankruptcy under title 11, United States Code, with-
15 out prior approval of the Secretary of the Treasury
16 and the Secretary of Education.

17 “(d) TERMINATION OF THE ASSOCIATION.—The As-
18 sociation shall dissolve, and its separate existence shall
19 terminate on September 30, 2007, after discharge of all
20 outstanding debt obligations and liquidation pursuant to
21 this subsection. The Association may dissolve pursuant to
22 this subsection prior to such date by notifying the Sec-
23 retary of Education and the Secretary of the Treasury of
24 its intention to dissolve, unless within 60 days of receipt
25 of such notice the Secretary of Education notifies the As-

1 society that it continues to be needed to serve as a lend-
2 er of last resort pursuant to section 439(q) of this Act
3 or continues to be needed to purchase loans under an
4 agreement with the Secretary described in subsection
5 (c)(6) of this section. On the dissolution date, the Associa-
6 tion shall take the following actions:

7 “(1) ESTABLISHMENT OF A TRUST.—The Asso-
8 ciation shall, under the terms of an irrevocable trust
9 agreement in form and substance satisfactory to the
10 Secretary of the Treasury, the Association and the
11 appointed trustee, irrevocably transfer all remaining
12 obligations of the Association to the trust and irrev-
13 ocably deposit or cause to be deposited into such
14 trust, to be held as trust funds solely for the benefit
15 of holders of the remaining obligations, money or di-
16 rect noncallable obligations of the United States of
17 America or any agency thereof for which payment
18 the full faith and credit of the United States is
19 pledged, maturing as to principal and interest in
20 such amounts and at such times as are determined
21 by the Secretary of the Treasury to be sufficient,
22 without consideration of any significant reinvestment
23 of such interest, to pay the principal of, and interest
24 on, the remaining obligations in accordance with
25 their terms. To the extent the Association cannot

1 provide money or qualifying obligations in the
2 amount required, the Holding Company shall be re-
3 quired to transfer money or qualifying obligations to
4 the trust in the amount necessary to prevent any de-
5 ficiency.

6 “(2) USE OF TRUST ASSETS.—All money, obli-
7 gations, or financial assets deposited into the trust
8 pursuant to this subsection shall be applied by the
9 trustee to the payment of the remaining obligations
10 assumed by the trust. Upon the fulfillment of the
11 trustee’s duties under the trust, any remaining as-
12 sets of the trust shall be transferred to the Holding
13 Company or its subsidiaries, or both, as directed by
14 the Holding Company.

15 “(3) OBLIGATIONS NOT TRANSFERRED TO THE
16 TRUST.—The Association shall make proper provi-
17 sion for all other obligations of the Association, in-
18 cluding the repurchase or redemption, or the making
19 of proper provision for the repurchase or redemp-
20 tion, of any preferred stock of the Association then
21 outstanding. Any obligations of the Association
22 which cannot be fully satisfied shall become liabil-
23 ities of the Holding Company as of the date of dis-
24 solution.

1 “(4) TRANSFER OF REMAINING ASSETS.—After
2 compliance with paragraphs (1), and (3), the Asso-
3 ciation shall transfer to the Holding Company any
4 remaining assets of the Association.

5 “(e) OPERATION OF THE HOLDING COMPANY.—

6 “(1) HOLDING COMPANY BOARD OF DIREC-
7 TORS.—The number and composition of the Board
8 of Directors of the Holding Company shall be deter-
9 mined as set forth in the Holding Company’s charter
10 or like instrument (as amended from time to time)
11 or bylaws (as amended from time to time) and as
12 permissible under the laws of the jurisdiction of its
13 incorporation.

14 “(2) HOLDING COMPANY NAME.—The names of
15 the Holding Company and any subsidiary of the
16 Holding Company other than the Association—

17 “(A) may not contain the name ‘Student
18 Loan Marketing Association’; and

19 “(B) may contain, to the extent permitted
20 by applicable State or District of Columbia law,
21 ‘Sallie Mae’, or variations thereof or such other
22 names as the Board of Directors of the Associa-
23 tion of the Holding Company shall deem appro-
24 priate.

1 “(3) USE OF SALLIE MAE NAME.—Without lim-
2 iting paragraph (2), the Association may assign to
3 the Holding Company, or any other subsidiary of the
4 Holding Company, the ‘Sallie Mae’ name as a trade-
5 mark and service mark, except that neither the
6 Holding Company nor any subsidiary of the Holding
7 Company other than the Association or a subsidiary
8 of the Association may use the ‘Sallie Mae’ name on,
9 or to identify the issuer of, any debt obligation or
10 other security offered or sold by the Holding Com-
11 pany or any such subsidiary. The Association shall
12 remit to the Secretary of Treasury \$5,000,000 dur-
13 ing fiscal year 1996 as compensation for the right
14 to assign such trademark or service mark.

15 “(4) DISCLOSURE REQUIRED.—Until 3 years
16 after the dissolution date, the Holding Company,
17 and any subsidiary of the Holding Company other
18 than the Association, shall prominently display—

19 “(A) in any document offering its securi-
20 ties, that the obligations of the Holding Com-
21 pany and any such subsidiary are not guaran-
22 teed by the full faith and credit of the United
23 States; and

24 “(B) in any advertisement or promotional
25 materials which use the ‘Sallie Mae’ name or

1 mark, a statement that neither the Holding
2 Company nor any such subsidiary is a Govern-
3 ment-sponsored enterprise or instrumentality of
4 the United States.

5 “(f) STRICT CONSTRUCTION.—Except as specifically
6 set forth in this section, nothing contained in this section
7 shall be construed to limit the authority of the Association
8 as a federally chartered corporation, or of the Holding
9 Company as a State or District of Columbia chartered cor-
10 poration.

11 “(g) RIGHT TO ENFORCE.—The Secretary of Edu-
12 cation or the Secretary of the Treasury, as appropriate,
13 may request the Attorney General of the United States
14 to bring an action in the United States District Court for
15 the District of Columbia for the enforcement of any provi-
16 sions of this section, or may, under the direction or control
17 of the Attorney General, bring such an action. Such court
18 shall have jurisdiction and power to order and require
19 compliance with this section.

20 “(h) DEADLINE FOR REORGANIZATION EFFECTIVE
21 DATE.—This section shall be of no further force and effect
22 in the event that the reorganization effective date does not
23 occur on or before 18 months after the date of enactment
24 of this section.

25 “(i) DEFINITIONS.—For purposes of this section:

1 “(1) The term ‘Association’ means the Student
2 Loan Marketing Association.

3 “(2) The term ‘dissolution date’ shall mean
4 September 30, 2007, or such earlier date as the Sec-
5 retary of Education permits the transfer of remain-
6 ing obligations in accordance with subsection (d) of
7 this section.

8 “(3) The term ‘reorganization effective date’
9 means the effective date of the reorganization as de-
10 termined by the Board of Directors of the Associa-
11 tion, which shall not be earlier than the date that
12 stockholder approval is obtained pursuant to sub-
13 section (b) of this section and shall not be later than
14 the date that is 18 months after the date of enact-
15 ment of this section.

16 “(4) The term ‘Holding Company’ means the
17 new business corporation formed pursuant to this
18 section by the Association under the laws of any
19 State of the United States or the District of Colum-
20 bia.

21 “(5) The term ‘remaining obligations’ shall
22 mean the debt obligations of the Association out-
23 standing as of the dissolution date.

24 “(6) The term ‘remaining property’ shall mean
25 the following assets and liabilities of the Association

1 which are outstanding as of the reorganization effective date: (A) debt obligations issued by the Association, (B) contracts relating to interest rate, currency, or commodity positions or protections, (C) investment securities owned by the Association, (D) any instruments, assets, or agreements described in section 439(d) of this Act (including without limitation all student loans, forward purchase and lending commitments, warehousing advances, academic facilities obligations, letters of credit, standby bond purchase agreements, liquidity agreements, and student loan revenue bonds or other loans), and (E) except as specifically prohibited by this Act, any other nonmaterial assets or liabilities of the Association which the Association's Board of Directors determines to be necessary or appropriate to its operations.

18 “(7) The term ‘reorganization’ means the restructuring event or events (including any merger event) giving effect to the holding company structure described in subsection (a) of this section.

22 “(8) The term ‘subsidiary’ or ‘subsidiaries’ shall mean one or more direct or indirect subsidiaries of the Holding Company.”.

25 (b) TECHNICAL AMENDMENTS.—

1 (1) AMENDMENTS TO THE HIGHER EDUCATION
2 ACT.—Effective on the reorganization effective date
3 (as defined in section 440(h)(3) of the Higher Edu-
4 cation Act of 1965, as added by subsection (a))—

5 (A) section 435(d)(1)(F) of such Act (20
6 U.S.C. 1085(d)(1)(F)) is amended by inserting
7 after “Student Loan Marketing Association”
8 the following: “or the Holding Company of the
9 Student Loan Marketing Association, including
10 all subsidiaries of such Holding Company, cre-
11 ated pursuant to section 440 of this Act,”; and

12 (B) sections 435(d)(1)(G) and
13 428C(a)(1)(A) of such Act (20 U.S.C.
14 1085(d)(1)(G); 1078–3(a)(1)(A)) are each
15 amended by inserting after “Student Loan
16 Marketing Association” the following: “or the
17 Holding Company of the Student Loan Market-
18 ing Association, including all subsidiaries of
19 such Holding Company, created pursuant to
20 section 440 of this Act”.

21 (2) ENFORCEMENT OF SAFETY AND SOUND-
22 NESS REQUIREMENTS.—Section 439(r) of the High-
23 er Education Act of 1965 (20 U.S.C. 1087–2(r)) is
24 amended—

1 (A) by redesignating paragraph (13) as
2 paragraph (15); and

3 (B) by inserting after paragraph (12) the
4 following new paragraph:

5 “(13) ENFORCEMENT OF SAFETY AND SOUND-
6 NESS REQUIREMENTS.—The Secretary of Education
7 or the Secretary of the Treasury, as appropriate,
8 may request the Attorney General of the United
9 States to bring an action in the United States Dis-
10 trict Court for the District of Columbia for the en-
11 forcement of any provisions of this subsection, or
12 may, under the direction or control of the Attorney
13 General, bring such an action. Such court shall have
14 jurisdiction and power to order and require compli-
15 ance with this subsection.”.

16 (3) CAPITAL RATIO AMENDMENTS.—Section
17 439(r) of the Higher Education Act of 1965 is fur-
18 ther amended—

19 (A) in paragraph (1)—

20 (i) by striking “and” at the end of
21 subparagraph (A);

22 (ii) by striking the period at the end
23 of subparagraph (B) and inserting “;
24 and”; and

1 (iii) by adding at the end the follow-
2 ing new subparagraph:

3 “(C) within 45 days of the end of each fis-
4 cal quarter, (i) financial statements of the Asso-
5 ciation, and (ii) a report setting forth the cal-
6 culation of the capital ratio of the Associa-
7 tion.”;

8 (B) in paragraph (11), by striking “para-
9 graphs (4) and (6)(A)” and inserting “para-
10 graphs (4), (6)(A), and (14)”;

11 (C) by inserting after paragraph (13) (as
12 added by paragraph (2) of this subsection) the
13 following new paragraph:

14 “(14) ACTIONS BY SECRETARY.—If the share-
15 holders of the Association shall have approved a re-
16 organization plan in accordance with section 440(b)
17 and, for any fiscal quarter ended after January 1,
18 2000, the Association shall have a capital ratio of
19 less than 2.25 percent, the Secretary of the Treas-
20 ury may, until such capital ratio is met, take any
21 one or more of the actions described in paragraph
22 (7), except that—

23 “(A) the capital ratio to be restored pursu-
24 ant to paragraph (7)(D) shall be 2.25 percent;
25 and

1 “(B) if the relevant capital ratio is in ex-
 2 cess of or equal to 2 percent for such quarter,
 3 the Secretary of the Treasury shall defer taking
 4 any of the actions set forth in paragraph (7)
 5 until the next succeeding quarter and may then
 6 proceed with any such action only if the capital
 7 ratio of the Association remains below 2.25 per-
 8 cent.

9 Upon approval by the shareholders of the Associa-
 10 tion of a reorganization plan in accordance with sec-
 11 tion 440(b) for any period after January 1, 2000,
 12 the provisions of paragraphs (4), (5), (6), (8), (9),
 13 and (10) shall be of no further application to the As-
 14 sociation.”.

15 (4) REPEAL OF THE ASSOCIATION’S CHAR-
 16 TER.—Effective on the dissolution date (as defined
 17 in section 440(h)(2) of the Higher Education Act of
 18 1965, as added by subsection (a)), section 439 of
 19 such Act (20 U.S.C. 1087–2) is repealed.

20 **SEC. 602. PRIVATIZATION OF COLLEGE CONSTRUCTION**
 21 **LOAN INSURANCE ASSOCIATION.**

22 (a) REPEAL OF STATUTORY RESTRICTIONS.—Part D
 23 of title VII of the Higher Education Act of 1965 (20
 24 U.S.C. 1132f et seq.) is repealed.

25 (b) STATUS OF THE CORPORATION.—

1 (1) STATUS OF THE CORPORATION.—The Cor-
2 poration shall not be an agency, instrumentality, or
3 establishment of the United States Government and
4 shall not be a “Government corporation” nor a
5 “Government controlled corporation” as defined in
6 section 103 of title 5, United States Code. No action
7 under section 1491 of title 28, United States Code
8 (commonly known as the Tucker Act) shall be allow-
9 able against the United States based on the actions
10 of the Corporation.

11 (2) CORPORATE POWERS.—The Corporation
12 shall have the power to engage in any business or
13 other activities for which corporations may be orga-
14 nized under the laws of any State of the United
15 States or the District of Columbia. The Corporation
16 shall have the power to enter into contracts, to exe-
17 cute instruments, to incur liabilities, to provide prod-
18 ucts and services, and to do all things as are nec-
19 essary or incidental to the proper management of its
20 affairs and the efficient operation of a private, for-
21 profit business.

22 (c) RELATED PRIVATIZATION REQUIREMENTS.—

23 (1) NOTICE REQUIREMENTS.—During the 5-
24 year period following the date of the enactment of
25 this Act, the Corporation shall include in any docu-

1 ment offering the Corporation's securities, in any
2 contracts for insurance, guarantee, or reinsurance of
3 obligations, and in any advertisement or promotional
4 material, a statement that—

5 (A) the Corporation is not a Government-
6 sponsored enterprise or instrumentality of the
7 United States; and

8 (B) the Corporation's obligations are not
9 guaranteed by the full faith and credit of the
10 United States.

11 (2) CORPORATE CHARTER.—The Corporation's
12 charter shall be amended as necessary and without
13 delay to conform the requirements of this Act.

14 (3) CORPORATE NAME.—The name of the Cor-
15 poration, or of any direct or indirect subsidiary
16 thereof, may not contain the term “College Con-
17 struction Loan Insurance Association”.

18 (4) ARTICLES OF INCORPORATION.—The Cor-
19 poration shall amend its articles of incorporation
20 without delay to reflect that one of the purposes of
21 the Corporation shall be to guarantee, insure and re-
22 insure bonds, leases, and other evidences of debt of
23 educational institutions, including Historically Black
24 Colleges and Universities and other academic insti-
25 tutions which are ranked in the lower investment

1 grade category using a nationally recognized credit
2 rating system.

3 (5) TRANSITION REQUIREMENTS.—

4 (A) REQUIREMENTS UNTIL STOCK SALE.—

5 Notwithstanding subsection (a), the require-
6 ments of section 754 of the Higher Education
7 Act of 1965 (20 U.S.C. 1132f-3), as in exist-
8 ence as of the day before enactment of this Act,
9 shall continue to be effective until the day im-
10 mediately following the date of closing of the
11 purchase of the Secretary's stock (or the date
12 of closing of the final purchase, in the case of
13 multiple transactions) pursuant to subsection
14 (d) of this section.

15 (B) REPORTS AFTER STOCK SALE.—The

16 Corporation shall, not later than March 30 of
17 the first full calendar year immediately follow-
18 ing the sale pursuant to subsection (d), and
19 each of the 2 succeeding years, submit to the
20 Secretary of Education a report describing the
21 Corporation's efforts to assist in the financing
22 of education facilities projects, including
23 projects for elementary, secondary, and post-
24 secondary educational institution infrastructure,
25 and detailing, on a project-by-project basis, the

1 Corporation's business dealings with edu-
2 cational institutions that are rated by a nation-
3 ally recognized statistical rating organization at
4 or below the organization's third highest rat-
5 ings.

6 (d) SALE OF FEDERALLY OWNED STOCK.—

7 (1) SALE OF STOCK REQUIRED.—The Secretary
8 of the Treasury shall, upon the request of the Sec-
9 retary of Education make every effort to sell, pursu-
10 ant to section 324 of title 31, United States Code,
11 the voting common stock of the Corporation owned
12 by the Secretary of Education not later than one
13 year after the date of the enactment of this Act.

14 (2) PURCHASE BY THE CORPORATION.—In the
15 event that the Secretary of the Treasury is unable
16 to sell the voting common stock, or any portion
17 thereof, at a price acceptable to the Secretary of
18 Education and the Secretary of the Treasury within
19 the period specified in paragraph (1), the Corpora-
20 tion shall purchase such stock at a price determined
21 by the Secretary of the Treasury and acceptable to
22 the Corporation based on independent appraisal by
23 one or more nationally recognized financial firms.
24 Such firms shall be selected by the Secretary of the

1 Treasury in consultation with the Secretary of Edu-
2 cation and the Corporation.

3 (e) ASSISTANCE BY THE CORPORATION.—The Cor-
4 poration shall provide such assistance as the Secretary of
5 the Treasury and the Secretary of Education may require
6 to facilitate the sale of the stock under this section.

7 (f) DEFINITION.—As used in this section, the term
8 “Corporation” means the Corporation established pursu-
9 ant to the provision of law repealed by subsection (a).

10 **TITLE VII—REPEALERS AND** 11 **OTHER AMENDMENTS**

12 **SEC. 701. HIGHER EDUCATION PROVISIONS.**

13 (a) HIGHER EDUCATION ACT OF 1965 PROVI-
14 SIONS.—The following provisions of the Higher Education
15 Act of 1965 are repealed:

16 (1) Part B of title I (20 U.S.C. 1011 et seq.),
17 relating to articulation agreements.

18 (2) Part C of title I (20 U.S.C. 1015 et seq.),
19 relating to access and equity to education for all
20 Americans through telecommunications.

21 (3) Title II (20 U.S.C. 1021 et seq.), relating
22 to academic libraries and information services.

23 (4) Chapter 2 of subpart 2 of part A of title IV
24 (20 U.S.C. 1070a–21 et seq.), relating to national
25 early intervention scholarships.

1 (5) Chapter 3 of subpart 2 of part A of title IV
2 (20 U.S.C. 1070a–31 et seq.), relating to presi-
3 dential access scholarships.

4 (6) Chapter 4 of subpart 2 of part A of title IV
5 (20 U.S.C. 1070a–41 et seq.), relating to model pro-
6 gram community partnerships and counseling
7 grants.

8 (7) Chapter 5 of subpart 2 of part A of title IV
9 (20 U.S.C. 1070a–52 et seq.), relating to an early
10 awareness information program.

11 (8) Chapter 8 of subpart 2 of part A of title IV
12 (20 U.S.C. 1070a–81), relating to technical assist-
13 ance for teachers and counselors.

14 (9) Subpart 8 of part A of title IV (20 U.S.C.
15 1070f), relating to special child care services for dis-
16 advantaged college students.

17 (10) Section 428J (20 U.S.C. 1078–10), relat-
18 ing to loan forgiveness for teachers, individuals per-
19 forming national community service and nurses.

20 (11) Section 486 (20 U.S.C. 1093), relating to
21 training in financial aid services.

22 (12) Subpart 1 of part H of title IV (20 U.S.C.
23 1099a et seq.) relating to State postsecondary re-
24 view entity programs.

1 (13) Part A of title V (20 U.S.C. 1102 et seq.),
2 relating to State and local programs for teacher ex-
3 cellence.

4 (14) Part B of title V (20 U.S.C. 1103 et seq.),
5 relating to national teacher academies.

6 (15) Subpart 1 of part C of title V (20 U.S.C.
7 1104 et seq.), relating to Douglas teacher scholar-
8 ships.

9 (16) Subpart 3 of part C of title V (20 U.S.C.
10 1106 et seq.), relating to the teacher corps.

11 (17) Subpart 3 of part D of title V (20 U.S.C.
12 1109 et seq.), relating to class size demonstration
13 grants.

14 (18) Subpart 4 of part D of title V (20 U.S.C.
15 1110 et seq.), relating to middle school teaching
16 demonstration programs.

17 (19) Subpart 1 of part E of title V (20 U.S.C.
18 1111 et seq.), relating to new teaching careers.

19 (20) Subpart 1 of part F of title V (20 U.S.C.
20 1113 et seq.), relating to the national mini corps
21 programs.

22 (21) Section 586 (20 U.S.C. 1114), relating to
23 demonstration grants for critical language and area
24 studies.

1 (22) Section 587 (20 U.S.C. 1114a), relating to
2 development of foreign languages and cultures in-
3 structional materials.

4 (23) Subpart 3 of part F of title V (20 U.S.C.
5 1115), relating to small State teaching initiatives.

6 (24) Subpart 4 of part F of title V (20 U.S.C.
7 1116), relating to faculty development grants.

8 (25) Section 597 and section 599(b) (20 U.S.C.
9 1117a, 1117c(b)), relating to early childhood staff
10 training and professional enhancement.

11 (26) Section 605 (20 U.S.C. 1124a), relating to
12 intensive summer language institutes.

13 (27) Section 607 (20 U.S.C. 1125a), relating to
14 foreign language periodicals.

15 (28) Part A of title VII (20 U.S.C. 11326 et
16 seq.), relating to academic and library facilities.

17 (29) Title VIII (20 U.S.C. 1133 et seq.), relat-
18 ing to cooperative education programs.

19 (30) Part A of title IX (20 U.S.C. 1134a et
20 seq.), relating to women and minority participation
21 in graduate education.

22 (31) Part B of title IX (20 U.S.C. 1134d et
23 seq.), relating to Harris fellowships.

24 (32) Part C of title IX (20 U.S.C. 1134h et
25 seq.), relating to Javits fellowships.

1 (33) Part E of title IX (20 U.S.C. 1134r et
2 seq.), relating to the faculty development fellowship
3 program.

4 (34) Part F of title IX (20 U.S.C. 1134s et
5 seq.), relating to legal training for the disadvan-
6 taged.

7 (35) Part G of title IX (20 U.S.C. 1134u et
8 seq.), relating to law school clinical programs.

9 (36) Section 1011 (20 U.S.C. 1135a–11), relat-
10 ing to special projects in areas of national need.

11 (37) Subpart 2 of part B of title X (20 U.S.C.
12 1135c et seq.), relating to science and engineering
13 access programs.

14 (38) Part C of title X (20 U.S.C. 1135e et
15 seq.), relating to women and minorities science and
16 engineering outreach demonstration programs.

17 (39) Part D of title X (20 U.S.C. 1135f), relat-
18 ing to Eisenhower leadership programs.

19 (40) Title XI (20 U.S.C. 1136 et seq.), relating
20 to community service programs.

21 (b) EDUCATION AMENDMENTS OF 1986 PROVI-
22 SIONS.—The following provisions of the Higher Education
23 Amendments of 1986 are repealed:

1 (1) Part E of title XIII (20 U.S.C. 1221–1
2 note), relating to a National Academy of Science
3 study.

4 (2) Part B of title XV (20 U.S.C. 4441 et
5 seq.), relating to Native Hawaiian culture and art
6 development.

7 (c) EDUCATION AMENDMENTS OF 1992 PROVI-
8 SIONS.—The following provisions of the Higher Education
9 Amendments of 1992 are repealed:

10 (1) Part F of title XIII (25 U.S.C. 3351 et
11 seq.), relating to American Indian postsecondary
12 economic development scholarships.

13 (2) Part G of title XIII (25 U.S.C. 3371), re-
14 lating to American Indian teacher training.

15 (3) Section 1406 (20 U.S.C. 1221e–1 note), re-
16 lating to a national survey of factors associated with
17 participation.

18 (4) Section 1409 (20 U.S.C. 1132a note), relat-
19 ing to a study of environmental hazards in institu-
20 tions of higher education.

21 (5) Section 1412 (20 U.S.C. 1101 note), relat-
22 ing to a national job bank for teacher recruitment.

23 (6) Part B of title XV (20 U.S.C. 1452 note),
24 relating to a national clearinghouse for postsecond-
25 ary education materials.

1 (7) Part C of title XV (20 U.S.C. 1101 note),
2 relating to school-based decisionmakers.

3 (8) Part D of title XV (20 U.S.C. 1145h note),
4 relating to grants for sexual offenses education.

5 (9) Part E of title XV (20 U.S.C. 1070 note),
6 relating to Olympic scholarships.

7 (10) Part G of title XV (20 U.S.C. 1070a–11
8 note), relating to advanced placement fee payment
9 programs.

10 (d) CONFORMING AMENDMENTS.—the Higher Edu-
11 cation Act of 1965 is amended—

12 (1) in section 453(c)(2)—

13 (A) by striking subparagraph (E); and

14 (B) by redesignating subparagraphs (F)
15 through (H) as subparagraphs (E) through (G),
16 respectively;

17 (2) in section 487(a)(3), by striking subpara-
18 graph (B) and redesignating subparagraphs (C) and
19 (D) as subparagraphs (B) and (C), respectively;

20 (3) in section 487(a)(15), by striking “the Sec-
21 retary of Veterans Affairs, and State review entities
22 under subpart 1 of part H” and inserting “and the
23 Secretary of Veterans Affairs”;

24 (4) in section 487(a)(21), by striking “, State
25 postsecondary review entities,”;

1 (5) in section 487(c)(1)(A)(i), by striking
2 “State agencies, and the State review entities re-
3 ferred to in subpart 1 of part H” and inserting “and
4 State agencies”;

5 (6) in section 487(c)(4), by striking “, after
6 consultation with each State review entity designated
7 under subpart 1 of part H,”;

8 (7) in section 487(c)(5), by striking “State re-
9 view entities designated under subpart 1 of part
10 H,”;

11 (8) in section 496(a)(7), by striking “and the
12 appropriate State postsecondary review entity”;

13 (9) in section 496(a)(8), by striking “and the
14 State postsecondary review entity of the State in
15 which the institution of higher education is located”;

16 (10) in section 498(g)(2), by striking everything
17 after the first sentence;

18 (11) in section 498A(a)(2)(D), by striking “by
19 the appropriate State postsecondary review entity
20 designated under subpart 1 of this part or”;

21 (12) in section 498A(a)(2)—

22 (A) by inserting “and” after the semicolon
23 at the end of subparagraph (E);

24 (B) by striking subparagraph (F); and

1 (C) by redesignating subparagraph (G) as
2 subparagraph (F); and

3 (13) in section 498A(a)(3)—

4 (A) by inserting “and” after the semicolon
5 at the end of subparagraph (C);

6 (B) by striking “; and” at the end of sub-
7 paragraph (D) and inserting a period; and

8 (C) by striking subparagraph (E).

9 **SEC. 702. ELIGIBLE INSTITUTION.**

10 (a) AMENDMENTS.—Section 481(b) of the Higher
11 Education Act of 1965 (20 U.S.C. 1088(b)) is amended—

12 (1) by inserting before the period at the end of
13 the first sentence the following: “on the basis of a
14 review by the institution’s independent auditor using
15 generally accepted accounting principles”; and

16 (2) by inserting after the end of such first sen-
17 tence the following new sentences: “For the purposes
18 of clause (6), revenues from sources that are not de-
19 rived from funds provided under this title include
20 revenues from programs of education or training
21 that do not meet the definition of an eligible pro-
22 gram in subsection (e), but are provided on a con-
23 tractual basis under Federal, State, or local training
24 programs, or to business and industry. For the pur-
25 poses of determining whether an institution meets

1 the requirements of clause (6), the Secretary shall
2 not consider the financial information of any institu-
3 tion for a fiscal year began on or before April 30,
4 1994.”.

5 (b) EFFECTIVE DATE.—Notwithstanding section 713
6 of this Act, the amendments made by subsection (a) shall
7 apply to any determination made on or after July 1, 1994,
8 by the Secretary of Education pursuant to section
9 481(b)(6) of the Higher Education Act of 1965.

10 **SEC. 703. CARL D. PERKINS VOCATIONAL AND APPLIED**
11 **TECHNOLOGY EDUCATION ACT.**

12 The Carl D. Perkins Vocational and Applied Tech-
13 nology Education Act (20 U.S.C. 2301 et seq.) is repealed.

14 **SEC. 704. SMITH-HUGHES ACT.**

15 (a) REPEAL.—The Smith-Hughes Act (39 Stat. 929
16 as amended (20 U.S.C. 11–15, 16–28)) is repealed.

17 (b) EFFECTIVE DATE.—Notwithstanding section 713
18 of this Act, the repeal in subsection (a) of this section shall
19 take effect on October 1, 1995.

20 **SEC. 705. SCHOOL-TO-WORK OPPORTUNITIES ACT OF 1994.**

21 The School-to-Work Opportunities Act of 1994 (20
22 U.S.C. 6101 et seq.) is repealed.

1 **SEC. 706. SCHOOL DROPOUT ASSISTANCE ACT.**

2 The School Dropout Assistance Act, (part C of title
3 V of the Elementary and Secondary Education Act (20
4 U.S.C. 7261)) is repealed.

5 **SEC. 707. ADULT EDUCATION ACT.**

6 (a) IN GENERAL.—The Adult Education Act (20
7 U.S.C. 1201 et seq.) is repealed.

8 (b) CONFORMING AMENDMENTS.—

9 (1) ESEA.—The Elementary and Secondary
10 Education Act of 1965 (20 U.S.C. 6301 et seq.) is
11 amended—

12 (A) in section 1202(c)(1), by striking “the
13 Adult Education Act,” and inserting “title IV
14 of the CAREERS Act,”;

15 (B) in section 1205(8)(B), by striking “the
16 Adult Education Act,” and inserting “title IV
17 of the CAREERS Act,”;

18 (C) in section 1206(a)(1)(A), by striking
19 “the Adult Education Act,” and inserting “title
20 IV of the CAREERS Act,”; and

21 (D) in section 9161(2), by striking “sec-
22 tion 312(2) of the Adult Education Act.” and
23 inserting “section 5 of the CAREERS Act.”.

24 (2) TECHNOLOGY FOR EDUCATION ACT.—The
25 Technology for Education Act of 1994 (20 U.S.C.
26 6801 et seq.) is amended in section 3113(1) by

1 striking “section 312 of the Adult Education Act;”
2 and inserting “section 5 of the CAREERS Act;”;

3 **SEC. 708. NATIONAL LITERACY ACT.**

4 The National Literacy Act of 1991, except section
5 101 of such Act, is repealed.

6 **SEC. 709. LIBRARY SERVICES AND CONSTRUCTION ACT.**

7 (a) IN GENERAL.—The Library Services and Con-
8 struction Act (20 U.S.C. 351 et seq.) is repealed.

9 (b) CONFORMING AMENDMENT.—The Technology for
10 Education Act of 1994 (20 U.S.C. 6801 et seq.) is amend-
11 ed in section 3113(10) by striking “section 3 of the Li-
12 brary Services and Construction Act;” and inserting “sec-
13 tion 5 of the CAREERS Act;”.

14 **SEC. 710. TECHNOLOGY FOR EDUCATION ACT OF 1994.**

15 Part F of the Technology for Education Act of 1994
16 (contained in title III of the Elementary and Secondary
17 Education Act (20 U.S.C. 7001 et seq.)) is repealed.

18 **SEC. 711. JOB TRAINING PARTNERSHIP ACT.**

19 (a) IN GENERAL.—The Job Training Partnership
20 Act (29 U.S.C. 1501 et seq.), except section 1, sections
21 421 through 439 (relating to the Job Corps), and section
22 441 of such Act (relating to veterans’ employment pro-
23 grams), is hereby repealed.

24 (b) CONFORMING AMENDMENTS.—

1 (1) SHORT TITLE.—Section 1 of the Job Train-
2 ing Partnership Act (29 U.S.C. 1501, note) is
3 amended—

4 (A) in the heading, by striking “; TABLE
5 OF CONTENTS”; and

6 (B) by striking all that follows after “Job
7 Training Partnership Act”.

8 (2) JOB CORPS.—Such Act (29 U.S.C. 1501 et
9 seq.), as amended by this section, is further amend-
10 ed—

11 (A) by redesignating sections 421 through
12 439 as sections 2 through 21, respectively;

13 (B) in section 2 (as redesignated), by
14 striking “part” each place it appears and in-
15 serting “Act”;

16 (C) in section 4(4) (as redesignated), by
17 striking “sections 424 and 425” and inserting
18 “sections 5 and 6”;

19 (D) in section 5 (as redesignated)—

20 (i) in subsection (a), by striking “enti-
21 ties administering programs under title II
22 of this Act,”; and

23 (ii) in subsection (b), by striking
24 “part” and inserting “Act”;

25 (E) in section 7 (as redesignated)—

- 1 (i) in subsection (a), by striking “sec-
2 tion 428” and inserting “section 9”; and
3 (ii) by striking subsection (d);
4 (F) in section 8 (as redesignated)—
5 (i) by striking subsection (b); and
6 (ii) by redesignating subsection (c) as
7 subsection (b);
8 (G) in section 14 (as redesignated)—
9 (i) in subsection (a)(4), by striking
10 “part” and inserting “Act”;
11 (ii) in subsection (c)(1), by striking
12 “and activities authorized under sections
13 452 and 453”; and
14 (iii) in subsection (e), by striking
15 “section 431” and inserting “section 12”;
16 (H) in section 15 (as redesignated)—
17 (i) in subsection (a)—
18 (I) in the matter preceding para-
19 graph (1), by striking “section 427”
20 and inserting “section 8”; and
21 (II) in paragraph (4)(A), by
22 striking “section 428” and inserting
23 “section 9”;
24 (ii) in subsection (c)(3), by striking
25 “section 423” and inserting “section 4”;

1 (iii) in subsection (d), by striking
2 “sections 424 and 425” and inserting
3 “sections 5 and 6”; and

4 (iv) in subsection (e), by striking “,
5 pursuant to section 452(d),”;

6 (I) in section 17 (as redesignated), by
7 striking “purpose of this part” each place it ap-
8 pears and inserting “purpose of this Act”;

9 (J) in section 20 (as redesignated), by
10 striking “part” each place it appears and in-
11 serting “Act”; and

12 (K) in section 21 (as redesignated), by
13 striking “part” and inserting “Act”.

14 (3) VETERANS’ EMPLOYMENT PROGRAMS.—
15 Such Act (29 U.S.C. 1501 et seq.), as amended by
16 this section, is further amended—

17 (A) by redesignating section 441 as section
18 22;

19 (B) by striking the heading of such section
20 22 (as redesignated), and inserting the follow-
21 ing:

22 “VETERANS’ EMPLOYMENT PROGRAMS”; and

23 (C) in such section 22, by striking “part”
24 each place it appears and inserting “section”.

25 (4) AUTHORIZATION OF APPROPRIATIONS.—
26 Such Act (29 U.S.C. 1501 et seq.), as amended by

1 this section, is further amended by adding at the
2 end the following new section:

3 “AUTHORIZATION OF APPROPRIATIONS

4 “SEC. 23. There are authorized to be appropriated
5 such sums as are necessary to carry out this Act.”.

6 **SEC. 712. STEWART B. MCKINNEY HOMELESS ASSISTANCE**
7 **ACT.**

8 (a) ADULT EDUCATION.—

9 (1) IN GENERAL.—Subtitle A of title VII of the
10 Stewart B. McKinney Homeless Assistance Act (42
11 U.S.C. 11421 et seq.) is repealed.

12 (2) TABLE OF CONTENTS.—The table of con-
13 tents of such Act is amended by striking the items
14 relating to subtitle A of title VII of such Act.

15 (b) SUBTITLE C.—

16 (1) IN GENERAL.—Subtitle C of title VII of the
17 Stewart B. McKinney Homeless Assistance Act (42
18 U.S.C. 11441 et seq.), except section 738, is hereby
19 repealed.

20 (2) TABLE OF CONTENTS.—The table of con-
21 tents of such Act is amended—

22 (A) by striking the item relating to subtitle
23 C of title VII of such Act; and

24 (B) by striking the items relating to sec-
25 tions 731 through 737 and sections 739
26 through 741.

1 **SEC. 713. EFFECTIVE DATE.**

2 The repeals and amendments made by this Act shall
3 take effect on July 1, 1997, except for amendments to
4 the Rehabilitation Act of 1973.

○

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